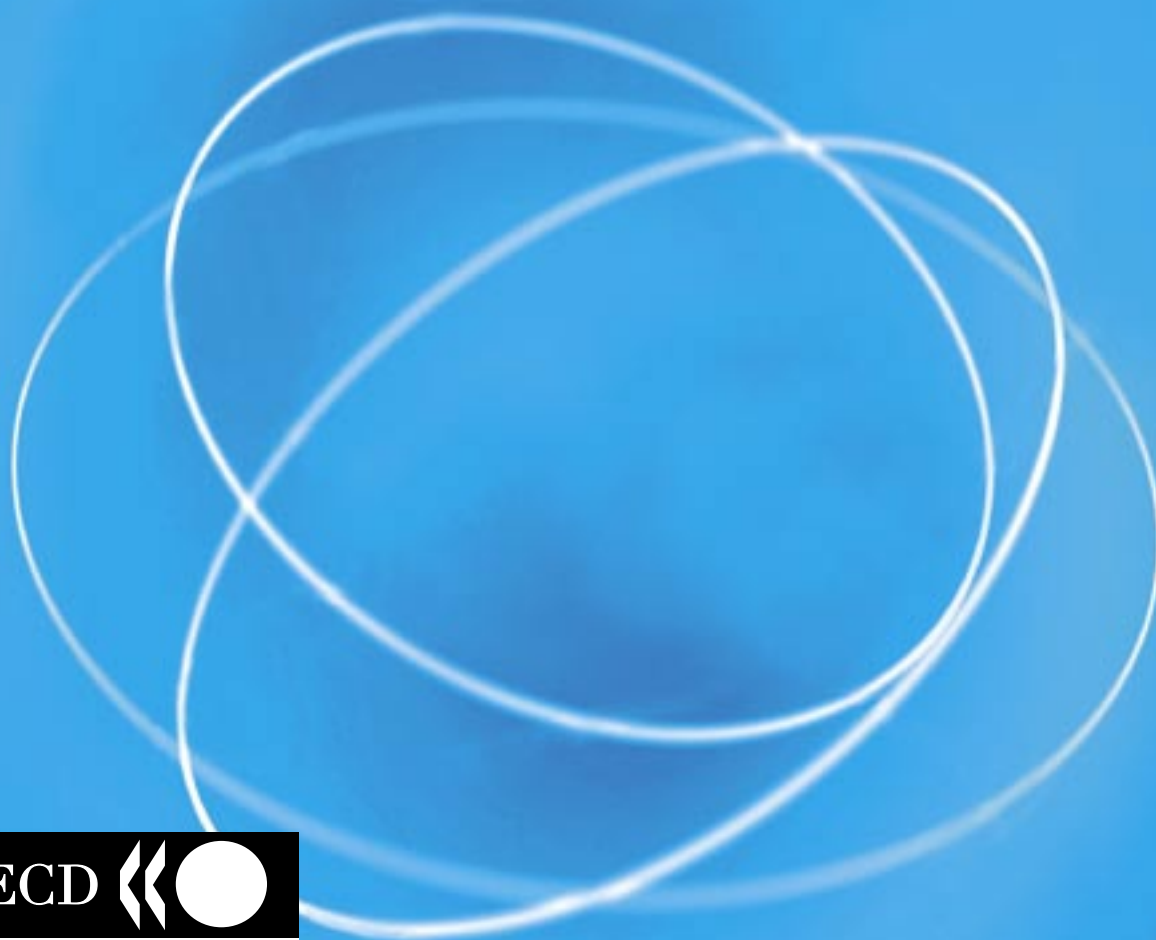


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Foreword

This report contains the proceedings of a workshop on *Institutionalising Sustainable Development* held in Stockholm, Sweden on 31 August-1 September 2006. The workshop was sponsored by the Swedish Ministry of Sustainable Development. It was organised under the auspices of the OECD Horizontal Programme on Sustainable Development and the United Nations Division for Sustainable Development. There were over 100 participants from developed and developing countries.

The workshop explored the governance aspects of sustainable development and advancing the implementation of national sustainable development strategies. It is part of a continuing work programme within the OECD and the United Nations to further the institutionalisation of sustainable development at national level. In 2002, both the United Nations and the OECD developed guiding principles for national sustainable development strategies. These principles, as well as the strategy good practices identified by the OECD in 2005, were reviewed at the workshop. In addition, approaches for achieving greater synergies between sustainability strategies and development planning at country level were discussed.

It should be noted that the papers in this volume reflect the views of the authors and not necessarily those of the OECD, the United Nations or their Member countries.

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Preface

Kiyo Akasaka

Deputy Secretary General, OECD

and

JoAnne DiSano

Director, UN Division for Sustainable Development

Sustainable development is a concept encompassing a wide range of economic, social and environmental issues. Effective implementation of sustainable development objectives is an institutional challenge with which all governments are struggling. The sustainability challenges facing developed and developing countries are enormous, but as many of these challenges are common to several countries, we can share our experiences and best practices and learn from each other through workshops such as this one.

The Workshop on “Institutionalising Sustainable Development” was the first sustainable development event organised jointly by the OECD and the United Nations Division for Sustainable Development (UNSD). Collaboration between the OECD and the UNSD is one of the pillars of the work programme of the OECD Horizontal Programme on Sustainable Development, under the auspices of the OECD Annual Meeting of Sustainable Development Experts (AMSDE), as well as of the UNSD, which is responsible for the UN Commission on Sustainable Development (UNCSD).

At the workshop, we were particularly honoured by the presence of Professor Emil Salim, who was the Chairman of the Preparatory Committee for the 2002 World Summit on Sustainable Development (WSSD). We were also pleased to have the insights of Jim MacNeill, the Secretary-General of the World Commission on Environment and Development (WCED) and the main architect of the 1987 Brundtland Report on sustainable development, “Our Common Future”. The Workshop was ably chaired by Gun-Britt Andersson, Swedish Ambassador to the OECD.

The need for national sustainable development strategies (NSDS) was agreed as part of *Agenda 21* signed at the United Nations Conference on Environment and Development (the Rio Earth Summit) in 1992. In 2002, the WSSD recognised that “*good governance is essential for sustainable development*” and made a specific target in its Plan of Implementation that in order to strengthen institutional frameworks for sustainable development at the national level, “*states should take immediate steps to make progress in the formulation and elaboration of national strategies for sustainable development and begin their implementation by 2005.*”

The OECD started working on governance for sustainable development in 1998 when it included a project on “Institutions and Decision-Making” in its original horizontal programme on sustainable development (1998-2001). In 2000, the OECD Public Governance Committee prepared country case studies on sustainable development

governance and concluded that “*good governance and sound public management are preconditions for the implementation of sustainable development policies*”. These case studies were discussed at a 2001 seminar on *Improving Governance for Sustainable Development* and provided the basis for an “OECD Checklist” to assist policy-makers in assessing the adequacy of their institutional approaches to sustainable development.

While many countries have formulated and implemented national strategies for sustainable development, many lack the basic design and implementation elements recommended by both the OECD and the UN in their respective NSDS Guiding Principles. While there is no single method, specific entry point or ideal co-ordinating mechanism for these strategies, the OECD identified a set of effective approaches in the 2005 publication, “*Good Practices in the National Sustainable Development Strategies of OECD Countries*”.

In April 2006, OECD Environment and Development Ministers met in a joint session to discuss linkages between environmental concerns and development strategies and proposed greater attention to the nexus between sustainability, development planning and Poverty Reduction Strategies (PRS) in this context. The Stockholm Workshop built on these efforts to further enhance national sustainable development strategies in both OECD and non-OECD countries.

Operationally, the Workshop aimed at learning how to overcome the political obstacles to institutionalising sustainable development by: 1) sharing country experiences in successful and unsuccessful approaches, 2) sharing ideas with the full range of stakeholders, including NGOs, and 3) developing best practices for governance for sustainable development. The outcomes should help OECD and non-OECD countries which have been struggling to find better ways to truly implement sustainable development.

This work on the institutional aspects of sustainable development will be one of the most important contributions which the OECD, the United Nations and their Member countries can make towards achieving the goals set at the WSSD in 2002. It is hoped that initiatives such as this one will expand to include many more countries so that the internationally agreed goals of sustainable development can be implemented widely and effectively.

Workshop Overview and Recommendations

Candice Stevens

OECD Sustainable Development Advisor

Introduction

Achieving the goals of sustainable development depends to a large extent on governance practices, particularly the effective implementation of national sustainable development strategies (NSDS). The essence of these strategies is to integrate government decision-making in the economic, environmental and social spheres and to consider the longer-term implications of all policies. The Stockholm Workshop aimed at developing recommendations for the true “institutionalisation” of sustainable development in order to embed the concept in government operations for the long-term and reduce the vulnerability of sustainable development aims to shorter-term political objectives.

Certain actions within the context of national sustainable development strategies can move a country towards institutionalisation of sustainable development precepts. For example, some countries have included sustainable development and its achievement in their constitutions and legislation. Also important is where responsibility for sustainable development is assigned, which should be in an office or Ministry with real power, whether it be the Office of the Prime Minister, the Finance Ministry, or a Sustainable Development Ministry or Office. Funding for sustainable development should be included in government budget processes where it will be subject to real debates regarding trade-offs across competing economic, environmental and social priorities and also consider savings and investment plans for the longer term. Sustainable Development Councils are important for encouraging the views of a wide range of stakeholders. And Parliaments should be fully involved in sustainable development monitoring and oversight to ensure that the political dimensions of sustainability are not neglected.

Many other valuable suggestions emerged from the Stockholm Workshop. Emphasis was placed on integration of environment and social considerations into economic decision-making and the avoidance of false choices such as that between sustainable development and poverty alleviation. Strategies should be based on a limited number of headline indicators and might include some “big ticket” items such as climate change to attract attention. Countries should ensure that there is no environmental “bias” in the sustainable development structure and that social themes such as gender and equity be given equal attention. Education for sustainable development and related curricula should be prominent at all school levels and information and communication campaigns are key to increasing public awareness of sustainable development goals.

Main findings

The Workshop was structured to maximise the possibilities for discussion and debate. Each of the four sessions had an overview presentation followed by comments by discussants from different backgrounds. After an open question and answer session, participants were divided into discussion groups for more in-depth debate on the issues presented in the four sessions.

The first session addressed the most effective governance approaches for national sustainable development strategies, including assignment of strategy responsibility, openness to stakeholders, links to sub-national levels, legislative frameworks, and budgeting aspects. It was concluded that NSDS governance needs to be adjusted to the structures in place in each country, but that the OECD and UN should continue sharing and revising NSDS best practices in conjunction with informal networks at regional and international levels, such as the European Sustainable Development Network (ESDN).

The second session covered various approaches to reviewing and monitoring strategies, including indicator-based monitoring, internal reviews, external audits, parliamentary reviews, and peer reviews. It was generally agreed that countries should use any combination of approaches which best suits their situation. However, they should ensure that reporting of the NSDS review results is at a high-level, including to Parliaments, and that there is assignment of responsibility for acting upon the results of monitoring exercises.

The third session was concerned with strategy development and implementation in developing countries as a direct follow-up to the Johannesburg Plan of Implementation and the OECD Environment-Development Ministerial held in April 2006 which advocated fuller integration of environmental concerns in poverty reduction. Developing countries need to better link their national development plans, NSDS, poverty reduction strategies (PRS), and Millennium Development Goal (MDG) approaches. Assistance is needed in many countries on moving from PRS to more integrated NSDS. It was also recommended that reporting requirements for developing countries on these strategies be simplified.

The last session featured OECD, United Nations and European Commission representatives presenting plans for follow-up in their various organisations. The OECD is proposing further work on sustainable development governance aspects and the adoption of a sustainable development perspective in its peer review processes (*e.g.*, environment, economic, development assistance). The European Commission is embarking on NSDS peer reviews in Member countries, starting with the Netherlands. The United Nations is improving its NSDS reporting system and promoting shared learning experiences on NSDS through country sessions, starting with the Republic of Korea. These organisations should work together for improved international governance for sustainable development, which would promote more coherent and integrated approaches at country level.

Recommendations

Several avenues were proposed at the workshop for advancing on institutionalising sustainable development at sub-national, national and international levels. The main recommendations were:

1. The OECD and the United Nations should organise a follow-up workshop on national sustainable development strategies with a focus on developing countries to promote more shared learning among OECD and non-OECD countries. This resulted in the workshop on Developing Sustainability Strategies in Asia held on 8-9 March 2007 in Bangkok, Thailand.
2. The OECD and the United Nations should update, harmonise and annotate their respective Guiding Principles for national sustainable development strategies and continue to identify good practices.
3. The OECD Development Assistance Committee (DAC) could review the possibility of formulating guidelines for developing countries for increasing linkages between national sustainable development strategies, poverty reduction strategies, and plans for achieving the Millennium Development Goals.
4. The OECD, United Nations and European Commission could develop a common framework for conducting peer reviews of national sustainable development strategies as well as compare the outcomes of the different peer reviews now planned. To the extent possible, each Peer Review should include Peers from both developed and developing countries.
5. The major international organisations (OECD, UN, World Bank, IMF) could set up an informal dialogue on treatment of sustainable development and related governance issues within their organisations.

Part I

Keynote Addresses

Chapter 1. Advancing Sustainable Development in Sweden

Mona Sahlin

Minister for Sustainable Development, Sweden

Introduction

What is sustainable development, for me and the Swedish government? The members of one generation should not live their lives in a way that prevents their children or future generations from enjoying a decent standard of living. That concept, summed up by the term “sustainable development”, is today an overall objective of Swedish Government policy, both nationally and internationally.

Sweden attaches great importance to OECD work on sustainable development. We, the affluent world, above all, must take responsibility and shift to more sustainable lifestyles and more sustainable patterns of consumption and production. This remains controversial and therefore it is very important to be honest about the implications of action and inaction in this sphere.

Institutionalising sustainable development

Since the adoption of *Agenda 21* in Rio in 1992, the work on sustainable development in Sweden has broadened. Starting with a focus on environmental sustainability, it then developed into a more integrated approach to economic, social and environmental issues. From a focus on local action plans, the Local Agenda 21s, to initiatives such as the national sustainable development strategy (NSDS), our efforts in Sweden to coordinate government offices and agencies, national indicators and reporting, have intensified.

In recognition of the significance Sweden attaches to sustainable development, Sweden’s sustainable development effort has also meant institutional changes. Sustainable development was adopted as an overall objective of government policy in 2003 and was also included in the Constitution. The Ministry of Sustainable Development was established in 2005. In this, the tasks of the previous Ministry of the Environment have been merged with new areas of responsibility such as energy, emissions trading, construction, planning and housing. We need new ways and new tools to address the huge new challenges of achieving sustainable development.

A green welfare state

One of the issues identified as crucial for progress in sustainable development at the national level is political commitment at the highest level. As a politician, I have to be able to communicate a vision for the development of my country and the globe.

Politicians also have to be clear about and mobilize support for the concrete actions that will actually make a change. Some of the measures, for example, an increased carbon tax or traffic tolls, might not be popular but still get support if we can explain the reasons behind these actions. And if we dare to be brave enough to implement them.

My government's vision is to transform and modernize Sweden into a green welfare state. We face many challenges when looking ahead, but I do believe it is possible to turn unsustainable trends into sustainable ones. However, this is not a choice of "if" when can do it, only "how" and "when", sooner or later.

Sustainable energy

Our vision must of course include a sustainable energy system – one of my responsibilities. This is an area that I believe clearly illustrates the necessity, the difficulties and the possibilities in building a sustainable society. For a sustainable energy system, we need to use a holistic approach and implement mutually reinforcing economic, social and environmental activities.

A sustainable energy system is completely based on renewable energy sources. To me, that is the only way for us to take real responsibility for future generations. This is clearly an enormous challenge and it will take both time and effort to reach it. If everyone used energy and resources the same way we do in the Western World, we would need three more Earths at least. And we only have one.

In the West, we all live in economies that are heavily dependent on oil. We use oil for transport, for heating and for electricity. But oil is not an endless resource. The price of oil has actually tripled since 1996! Furthermore, the use of fossil fuels is contributing to global warming – the most serious environmental hazard of our time and already a fact. The World Bank reported this spring that, as a result of the increase in oil prices over the past six months, poverty in a number of already poor countries has increased by 4-7%. We, the Western World, live unsustainable lifestyles and the poor world will pay the consequences. A gender-based environmental policy would be more sustainable for all countries, rich and poor.

Our dependence on oil also has implications for security of supply as well as environmental policy. Many international conflicts today revolve around energy issues. Being able to rely on domestic and sustainable energy would be beneficial in terms of national security. This will also create growth and contribute to a better economic policy. Green change means jobs – not acting green will cost jobs.

Conclusion

Last fall, the Swedish Government set a new policy target – a target easy for the public to relate to: to break Sweden's dependence on oil by 2020. A broad-based expert council, the *Commission on Oil Independence*, led by Prime Minister Göran Persson, was appointed in Sweden in December 2005. This summer, the Commission, presented a report suggesting actions necessary to achieve the new policy target. The suggestions revolve, for example, around increasing research on alternative fuels, efforts on energy efficiency and increased production of agricultural bio-energy.

Transport is the hardest part of course. We love the car – but we hate fossil fuels. No war against the car – only against expensive gasoline. The Commission has been the

object of intense attention from other countries. And indeed, we all foresee a necessary transition from oil to a sustainable energy system. This effort needs effective governance structures and implementation methods, which is the topic of this workshop. Perhaps the OECD could take an even more prominent role in this work as part of its efforts on sustainable development.

Chapter 2. Leadership for Sustainable Development

Jim MacNeill

Chair Emeritus, International Institute for Sustainable Development (IISD)
Secretary General of the World Commission on Environment and Development (WCED),
and chief architect and lead author of its report *Our Common Future* (1987)

Introduction

The theme of this workshop, "Institutionalising Sustainable Development", is one that I find personally of great interest and, as we look at today's soaring economic and dismal environmental trends, and at the projections for the next decade and beyond, it is a theme that couldn't be more important or more urgent.

When I think about it, I tend, at least at first, to look back rather than forward, back almost two decades to 1987 when we in the Brundtland Commission launched *Our Common Future*. I'm sure that some of you are familiar with it, even though it is now almost 20 years since it was published, and those of you who do remember it may recall that we devoted the entire final chapter to proposals for institutionalising sustainable development.

Over the past two decades, I am pleased to say, some considerable progress has been made. We can see this in the public sector from the reviews undertaken by OECD and others, and we can see it from the abstracts that were prepared for this meeting. And, of course, we can see it from a glance at the titles of those on the programme who will be speaking today and tomorrow. Some substantial progress has also been made in the private sector, where I have spent a fair portion of my time during the past few years.

It is, I think, very important to recognize this progress and the achievements it represents. Each of these achievements signifies a success in overcoming sometimes enormous political, bureaucratic and other barriers, as those of you who are on the front lines of this effort know only too well. And, as you know equally well, these barriers remain. Travelling around the world as I do, I sometimes think they are more entrenched in some countries today that they were in 1987. This is most unfortunate since the need for a global transition to more sustainable forms of development, especially in the energy field, is far more urgent today than it was in 1987 when we first issued our call for such a transition and mapped out a range of policy and institutional reforms essential to achieve it.

Unsustainable growth

In 1987, the Gross World Product stood at USD 33 trillion. Today, 19 years later, it has almost doubled to USD 60 trillion. This is an incredible pace of growth. It is hailed almost universally as great news and, of course, in many ways it is. It has resulted in

rising incomes with all they will buy, and in many countries it has resulted in significant reductions in levels of poverty.

Who would dare decry that? After all, didn't we in the Brundtland Commission call for a large and rapid increase in global production to that very end? Well, as a matter of fact, we did, but – and it is a critical “but” – we insisted that future growth must be based on forms of development that were sustainable, economically, socially and ecologically sustainable; if not, we said, our future could be in peril. The growth of the last 19 years has not been sustainable. For the most part, it has been based on unsustainable, business-as-usual forms of energy, agriculture, industry, and urban development, with the result that Earth's economic and life support systems have been degrading at an increasing rate.

Today, according to the recent Millennium Ecosystem Assessment, 15 of the 24 major ecosystem services that support the human economy – services such as providing freshwater, purifying air, protecting against disasters and regulating the climate – have already been or are being pushed beyond their sustainable limits. The Assessment points out, and I quote, this “*represents a significant barrier to achieving the Millennium Development Goals to reduce poverty, hunger, and disease.*” Echoing “Our Common Future”, they add, and I quote again, “*the productivity of ecosystems depends on policy choices on investment, trade, subsidies, taxation, and regulation, among others.*”

Looking back, I think we did get off to a fairly good start in 1987. At the time of our launch in London, I never expected – and neither, I'm sure, did Dr. Emil Salim and the other Commissioners – that within a year and extending through Rio, many governments in Europe, Asia and elsewhere, including my own country, would respond officially to our recommendations and commit themselves to many things, including various measures to institutionalize sustainable development. Some governments did follow through and implemented a few reforms to that end. National Sustainable Development Strategies (NSDS) come to mind, along with various measures – indicators, reviews, audits and, in one case at least, an independent Commissioner – to monitor their implementation. But in my view, few governments went far enough and even fewer sustained their efforts.

Internationally, the Organisation for Economic Co-operation and Development (OECD) has also played a leading role. In 1997, a High Level Advisory Group provided a number of key recommendations; in 1998, Ministers agreed that sustainable development was “*an overarching goal of OECD governments and OECD*”; and in May 2001 they brought together ministers of economy, finance and environment for the first time. Since then, however, as a Council of Europe review stated in 2003, progress has been limited. The reason they gave was that progress in the OECD (as in any international organisation) depends ultimately on “*the political will generated by national parliaments and governments.*” Given that will and support, however, I believe that the OECD can and must continue to play a leading role, as it has in organizing this expert meeting.

Our Common Future

Now, I would be the first to admit that our 1987 recommendations in the report “Our Common Future” were not easy, either bureaucratically or politically. That is perhaps the reason why most governments, while paying lip-service to sustainable development, have shied away from our key strategic recommendation for institutional reform. It was, to recall, and I quote, “*to merge environment with economics in our processes of [central] decision-making*”.

We argued that if the environment and the economy including trade were to be made mutually reinforcing instead of mutually destructive, the environment and economy had to be integrated into decision-making at the highest possible levels. In the case of governments, we stated that Heads of Government – our Presidents and Prime Ministers – must take charge of the process and we recommended that they make their Treasury Secretaries or Finance Ministers, their Energy, Agriculture, Trade and other key ministers – and again I quote – directly *“responsible and accountable for ensuring that their policies, programmes, and budgets encourage and support activities that are economically and ecologically sustainable both in the short and longer terms.”*

That, I presume, is the objective of both national and departmental sustainable development strategies. We do have both, at least in a few countries. I must admit, however, that I have never quite understood how a departmental or agency strategy could be effective in the absence of a national strategy; nor how a national strategy can be effective if it is not driven from the very top.

As we all know, it is the Head of Government – the President or Prime Minister – who sets the goals of his or her administration and the broad policy directions that will be followed to achieve them. These goals and policies are manifest in and achieved largely through the government’s annual budget. The budget sets out the framework of incentives and disincentives within which businessmen, farmers and householders make their decisions. The budget determines more than any other single statement of government policy, whether development will move in directions that are sustainable or unsustainable. Thus it is the minister of finance who makes the most significant statement of policy affecting sustainable development in any given year. And his statement is followed closely by those of the energy, agriculture, industry and other ministers – in other words, the ministers who command the big budgets.

The importance of leadership

In my view, institutionalising sustainable development, whether through national strategies or other means, will not happen, certainly not in any significant way, if the person at the top is not determined to make it happen, or if that individual fails to sustain that determination long enough to see it through. Much more is required, of course. When the President or Prime Minister wants to move forward, the first big question is how? What do we do first, second and third?

I was very pleased to note that the Abstracts for this Workshop come to much the same conclusion. They state: “Countries where responsibility for implementing the NSDS [National Strategies for Sustainable Development] is assigned to the prime minister’s office or equivalent... show greater results.” In 2005, the OECD recommended that responsibility for National Strategies should be placed “in the office of the Prime Minister or equivalent.” That is the key – provided, of course – and this is fundamental – that such an assignment reflects the personal commitment of the Head of Government and is accompanied by his or her outspoken leadership. If ministers sense that is not the case, or that their President or PM is simply playing a PR game, nothing much can or will happen.

The good news, I believe, is that a number of Heads of Government have shown commitment and have begun to provide leadership. I may be a congenital optimist but I have the impression that over the past few years their numbers have been growing slowly, driven perhaps by studies like the Millennium Ecosystem Assessment and certainly by

the growing scientific understanding and mounting public pressure for action on climate, water, and other crises.

Let me be clear about one thing. When I say Heads of Government, I am here thinking not only of national governments but also of state and local governments. In my country, Canada, it was one of our provincial governments that led the sustainable development field for a number of years because of the personal commitment and drive of the Head of Government. The same is true in the great country to the south of our border. And the same is true in the private realm. A number of CEOs of private firms have taken the lead and, in sector after sector, their ranks are growing.

The bad news is that, in too many countries today, as I know only too well, the Head of Government is not providing the leadership needed, perhaps for ideological reasons, perhaps for want of understanding. While I am confident that will change, I am less confident it will change in time. We are already very late and on some issues like the climate crises some scientists feel we are dangerously close to a tipping point. We may yet find, to paraphrase Will Durant, that civilization exists by environmental consent, subject to change without notice.

Some of these lagging leaders may hold out longer than others, but clearly time is not on their side. Sooner, rather than later, they or their successors will be forced by events to confront the challenge for a massive shift to sustainable development and the institutional and policy changes needed to make it happen.

In the meantime, others will take the lead and their ranks will continue to grow. The climate crisis may well be the major driver. It is the greatest threat to human survival in history, a *"challenge so far-reaching in its impact and irreversible in its destructive power, that it alters radically human existence"* to quote UK Prime Minister Tony Blair. The crisis stems from processes that have been vital to our civilizations' success and we can address it only by acting across the whole spectrum of public policy. Environment Ministers clearly have a role to play but if we are to succeed, it is our Heads of Government and their most powerful ministers who must begin to assume their full responsibility and be held accountable.

Conclusions

We have to admit that our leaders face a difficult road. There will be many starts and reverses as we have seen over just the past two years. Just one example: in the run-up to the 2005 G8 in Gleneagles, most of the leaders – not all – committed their governments to targets and policy actions that will engage their most powerful ministries through 2012 and beyond. At the more recent G8 in St. Petersburg, however, they appeared to re-confirm that their central obsession is not the climate crisis; rather, it is security of access to an ever expanding supply of fossil fuels – the principal source of the climate crisis. Fortunately, our host, Sweden, stands out as a grand exception to this obsession.

All of us are now in a race to change our institutions and our policies. We are well past the starting gate but it's a long marathon, more of a steeplechase, really, marked by a variety of obstacles and plenty of traps. There are many stages ahead. This expert meeting is one of them and I wish you the best of success. The stakes could not be higher.

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Chapter 3. The Paradigm of Sustainable Development

Emil Salim

Asia-Pacific Forum for Environment and Development (APFED)

Introduction

Practically all countries have implemented the pattern of conventional development that follows a single linear line of economics focusing on growth of output as a function of production factors consisting of natural resources, manpower, capital, skills and technology. Gross world products has increased in the year 2000 almost sevenfold from that in 1950. Consumption of material and services has seen manifold increases as compared to a half century ago.

However, social development has seriously lagged behind. In 2002, out of 6 billion people on the globe, about 2.2 billion suffer from hunger and are living below the poverty line of two dollars a day. They lack access to education, health, employment and a humane standard of living. They live in poor housing without electricity, clean water and sanitation facilities. They are poor and trapped to live in sustained poverty because they are poor.

The environment has also suffered seriously because of exploiting natural resources that goes beyond its carrying capacities. Forests are shrinking due to over-cutting for exports of logs. Agriculture, mining, road and urban development require transforming forests for the sake of short term earned dollars revenue. Public resources, like rivers, lakes and seas, are over-fished because they are treated as free resources. Green-house gases are released freely into the air which as a public good can be freely polluted.

The meaning of sustainability

Conventional development has been successful in raising economic growth but has failed miserably in social and environmental development. The reason is that conventional development has put economics at the centre of growth while subordinating social and environmental factors to insignificant roles.

At one time, the world population was not too large, horizontal mobility was rather low, information, communication and transportation facilities were limited. This has limited the difference in income level between developed and developing countries in the range of 35/65, where developed countries with 35% of global population controlled 65% of world income and developing countries with 65% of global population controlled 35% of world income. It also applied within developing countries where income distribution was skewed in favor of the rich.

In entering the 21st century, this conventional development model is not acceptable, because it is leading towards a larger skewed distribution of income between and within countries that favors the rich in a ratio of 20/80, with developed countries comprising 20% of the global population controlling 80% of world income and the developing countries with 80% of global population controlling only 20% of world income.

This calls for a sustainable development model that strives to reach simultaneously economic, social and environment sustainability along a triple line of perpetual growth. Economic growth is now heavily constrained by the social underdevelopment of the majority of people that breeds instability within and between nations. Economic growth becomes increasingly constrained by environmental factors, such as depletion of non-renewable energy and mining resources and increased pollution of the air, climate, rivers, lakes and seas.

Unsustainable development has degraded and polluted the environment in such a way that it acts now as the major constraint followed by social inequity that limits the implementation of perpetual growth. Sustainable development needs triple environmental, social and economic growth that interacts with and among each other, and it requires interactive relationships between these three components as can be shown in a matrix (**Table 1**).

Table 1. Interdependency Matrix of Sustainable Development

From/To	Economics	Social	Environment
Economics	Poverty Alleviation	Related Impacts	Related Impacts
Social	Related Impacts	Human Development	Related Impacts
Environment	Related Impacts	Related Impacts	Conserve Ecosystem

It explains that to reach the economic goal of poverty alleviation has an economic impact on social and environmental development that must be considered. Similarly, to reach the social goal of raising the Human Development Index (HDI) affects the economy and the environment. Activities to obtain the environmental goal of conserving ecosystems will affect economic and social development. In sustainable development, these interdependent linkages and impacts must be considered. Only by tracing these interdependent impacts through the triple economic-cum-social-cum-environmental processes, can we bundle them into one force to pursue sustainable development.

Paradigm of sustainable development

Sustainable development requires a fundamental change in the paradigms of conventional development as follows:

First, sustainable development changes short term into long term time perspectives. Conventional development usually pursues short term benefits to be reaped by *exploiting* natural resources intensively. Forests can be logged for exports and provide financial remunerations in a short period of time. This is, however, short lived and not sustainable. Forests have large long term potential benefits. The bark of trees, its fruits, leaves, roots,

and micro-organisms have high earnings potential if enriched by science and technology. Not exploitation but enrichment of natural resources provides economic, social and environmental benefits while eliminating degradation and depletion of natural resources. Science and technology can raise the value added of biological resources that can last longer and fits well in the long term perspectives compared with exploitation of natural resources that brings benefits in the short run but degrade and destruct the environment in the long run.

Second, sustainable development reduces the dominant position of the economy and puts it on an equal basis with social and environmental development. Population increases have raised social development issues that limit the benefits of economic growth. Population increase requires more land for food, employment, infrastructure and housing. Horizontal as well as vertical population mobility raises the potential for social conflicts that are driven by differences in race, ethnicity, religion, social status, income level and political ideologies.

Degradation and destruction of the environment becomes more severe. Natural resources are depleted, degraded, destroyed or polluted. Population increases, rising incomes and the impacts of new technology requires more resource exploitation that consumes natural resources and raises pollution with negative impacts on development. Greenhouse gases emitted by burning fossil fuel for energy are now negatively affecting global warming, climate change and sea level rise. The islands in the Pacific, like Kiribati, Vanuatu and the Marshall Islands are already suffering serious sea level rise that has made people seasonal ecological refugees who move to safer islands during the rainy season. On the basis of these examples, it is pertinent that economics must be subordinated to social and environmental factors in implementing sustainable development.

Third, an individual scale of preferences is now the guiding indicator that dictates the goods to be produced by efficient resource allocation. Private demands are backed by income and effective purchasing power. These demands can be much more powerful than public demands by society. Public transportation is losing in competition against private forms. Public space for people must give way for commercial buildings for businesses. People's diseases, like tuberculosis, diarrhea and malaria fail to attract research funds and the attention of research experts, who prefer more sophisticated diseases that cater to the rich with strong financial power. Sustainable development requires a fundamental policy shift to put public interests above private ones by employing appropriate fiscal and monetary policies and a more conducive regulatory framework.

Fourth, the market has failed to register social and environmental signals through the price mechanism. Social costs are not incorporated in market prices. The costs of social conflicts in terms of victims, human suffering and death are not captured in the market. The same applies to environment. Depletion of non-renewable resources in mining and fossil fuels are not revealed in cost depreciation. Pollution affecting human health, diseases and even death is considered an *externality* that is not internalized in the cost structure. Disasters that destroy natural capital are not included in calculating Gross Domestic Product (GDP).

But the rehabilitation efforts of disaster areas are income generating and hence contribute to raising Gross Domestic Product. It implies that natural disasters are important economic drivers in "raising" national income. This is clearly not acceptable and sustainable development must correct these market failures and internalize all

relevant external costs related to social and environmental development. The notion here is not “to get the right prices” but “to get the prices right”.

Fifth, the government can and must correct market failures by imposing the right policies. It requires governments to commit themselves fully in serving the sole interest of society and the environment. Government leaders however are chosen by a democratic process influenced by political forces. In developing countries where income is low and political campaigns are expensive, collusion between government leaders, political parties and business conglomerates becomes increasingly realistic. This makes the government rather weak and reluctant to encounter and act as a countervailing power against big corporations and those with money, guns and physical strength. It also means that governments, especially in “soft states” become part of the problem as indicated by government inability to correct market failures. Sustainable development requires a genuine checks’ and balances’ system that is supported by a triangle of equal partnership between governments, corporations and relevant groupings of civil society to exert corrections in the market as well as to remedy governance failures.

Conclusion

To summarize, sustainable development must completely overhaul the prevailing paradigms of conventional development. It must better balance the short term development horizon with the long term. It must put social and environmental interests at the same level as economic interests. It must better reconcile the societal scale of preferences and interests with the individual scale. It must correct market failures and internalize social and environmental costs into economic costs. It must cope with governance failures by using the triangle of equal partnership between government, corporate and civil society. It must give civil society and the people a larger role in the decision-making process of sustainable development.

These paradigm shifts require changes in values and orientations. They need a steady build-up of sustainable development values that differ completely from those of conventional development. Education and human resource development can create these values. Human resources must not only be equipped with skills to reach economic goals, but also skills to reach social and environmental goals as well. It requires the integration of relevant science and technologies that caters to the holistic management of economic, social and environmental development.

The sustainable development paradigm must use incentives, such as economic rewards, prestigious awards and recognitions. It needs role models, standards of appropriate behaviors, rules and internationally recognized standards, like ISO 9.000 for economic standards, ISO 14.000 for environmental standards, and ISO 26.000 for social standards. A combination of these three ISOs is necessary to enable comprehensive standards to embrace economic, social and environmental values simultaneously.

The sustainable development paradigm should also use disincentives to cut the urge to act in an unsustainable direction by imposing fiscal measures, pricing policies and fees on unsustainable behavior. It needs regulations, rules of law with penalties and fines that encourage people to move towards behaviors of sustainable development. It requires the use of moral persuasion by implementing the teaching of religions, spiritual beliefs, customs and cultures. “One does not live by bread alone” provides the basis for further elaboration towards a more sustainable immaterial life.

Social and peer group pressures must be created and mobilized to stimulate social groups in implementing sustainable development. Networking must be established to attract wider groupings and joint efforts to vibrate a “me too” demonstration effect to pull others into the sustainable development course of action. A “shame effect” needs to be created by establishing an “embarrassment award” for those who have failed to fulfill the criteria of sustainable development. For example, the “Dirtiest City Award”, introduced annually in Indonesia for the mayors of cities that fail to meet the minimum standards of a clean city, has proven to be effective in stimulating all Mayors in active pursuit of clean cities.

As in business, top officials in government need to promote a clever social marketing strategy to “sell” the paradigm of sustainable development. This will be especially effective if combined with the social marketing efforts of other influential civil society leaders to reveal within their respective peer groups the strong political will to strive for the goals of sustainable development. It may well create a “snowball effect” that creates meaningful changes in the implementation of national strategies for sustainable development in developing countries.

Part II

Workshop Reports

Chapter 4. Governance Structures for National Sustainable Development Strategies

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Introduction

This paper studies twenty countries plus the European Union to identify good practice examples of governance structures for national sustainable development strategies (NSDS) and to study their effectiveness. Six aspects of governance were considered including: the nature of strategy co-ordination; placement of overall responsibility for the NSDS; legislative underpinning; integration with existing planning and budgeting processes; stakeholder involvement; and linkages with local sustainable development action. Criteria of effectiveness were identified at the outset based on review of an array of existing NSDS guidelines and recent multi-country studies.

Some of the positive trends observed in this study include:

1. of the twenty-one jurisdictions considered in this paper, eighteen were pursuing a NSDS process (titled either as a national sustainable development strategy or an Agenda 21) whereby national-level direction was provided to government departments;
2. almost three-quarters of the jurisdictions studied had a formal advisory or national council for sustainable development to enable vetting of development initiatives from multi-perspectives; and
3. half of the countries studied made recommendations for local level sustainable development related action.

But many challenges remain for the governance aspects studied in this paper. Some of the concerning trends observed include the following:

1. only six of the twenty-one jurisdictions studied place responsibility for the NSDS with the prime minister or president's office;
2. only four countries had a legal mandate for ongoing strategy development and implementation;
3. only one country studied had an NSDS that appeared to be integrated with an existing planning and budgeting process. However, nine other countries had strategy processes with some tangential linkages with existing planning and budgeting processes; and
4. only five of the countries studied attempted to coordinate national level sustainable development action with local sustainable development related efforts.

The NSDS is at a critical juncture in its development. This is because the NSDS in most applications is still not sufficiently linked to existing government planning, reporting and budgeting processes. This is a serious weakness because this type of integration is a good proxy for the overall effectiveness of NSDS governance (**Box 1**).

But with this challenge we see an enormous opportunity emerging. At the same time that governments are advancing the NSDS and its associated governance structures (often championed by environment departments), governments via finance-related departments are also making important and innovative advances in government accountability systems (e.g., annual departmental planning and reporting). For purposes of improved accountability, transparency and efficiency, these innovations from finance-related departments bring aspects of strategic public management to the fore, and in many of the same ways as does the NSDS. This occurs in the form of high-level government goals and targets which are identified and systematically monitored and reported to facilitate continuous improvement and adaptive policymaking. And both of these current efforts – the NSDS and the government accountability system, have a common purpose – that being to navigate real progress toward advances in the quality of life of its citizens.

Box 1. Integration with existing Planning, Reporting and Budgeting Processes

Integration is a good proxy for the overall effectiveness of a national sustainable development strategy because seamless integration of the sustainability concept with existing planning and budgeting processes would:

Require that sustainability priorities and objectives be comprehensive in nature and operate in an integrated manner with economic, social and environmental issues (*relevance and comprehensiveness criteria*)

Inherently involve all departments (*departmental involvement criteria*)

Place responsibility for progress toward priorities and objectives with the Prime Minister or President's office (or equivalent) and as well would involve the finance departments which coordinate and monitor the expenditures (*placement of responsibility criteria*)

Embed the sustainability concepts naturally within the legal requirement for departments to prepare plans and report annually on progress (*legislative embeddedness criteria*)

Demand formal involvement of multiple stakeholders through the regular process of preparing national budgets (*formal and multi-stakeholder involvement criteria*)

Provide guidance to other levels of government as national-level expenditures inherently impact local economic, social and environmental conditions (*guidance criteria*)

Help coordinate action with other levels of government via fiscal responsibility and accountability (*coordination criteria*)

Criteria for effective sustainable development governance

The Brundtland Commission report *Our Common Future* (WCED, 1987) popularized the concept of *sustainable* development within government as a critical and urgent

innovation in development thinking. The concept of sustainable development put forth several new and fundamental tenets, including:

1. development that meets the needs of the present, without compromising the ability of future generations to meet their own needs.
2. development that takes account of the inherent inter-relationships among our environment, the people living in it, and the economy within which we interact on a daily basis; and
3. development that relies on the multiple perspectives of broad participation to adequately understand the complexity of issues and to garner the support to implement initiatives to advance development.

As has been demonstrated by a growing body of multi-country studies, nations are clearly in a period of experimentation with regard to the preparation and implementation of national sustainable development strategies. In developing an assessment methodology for NSDS, Cherp *et al.* (2004) astutely reminds us of two critical points. *First* is that fifteen years ago Agenda 21, the United Nations call to action for sustainable development at the national level, “envisaged that the necessary harmonization and extension of existing policies and plans would occur through the adoption of an identifiable strategy for sustainable development”. *Second*, and most importantly, the overall objective was not to develop a new strategy document, but “to improve or restructure the decision-making process so that consideration of socio-economic and environmental issues is fully integrated and a broader range of public participation assured” (UNCED, 1992).

NSDS processes are complex and represent a systematic approach to turning sustainable development from concept into practice. They also require long-term effort, multi-scale and multi-agent action, and therefore need to be approached as a learning process. The assessment of sustainable development strategies plays a critical role in that learning process.

Good practice examples in NSDS governance structures are identified in this paper according to effectiveness criteria specific to each of the five governance elements mentioned above (**Table 1**). Such criteria are inherently subjective given the broad spectrum of approaches to governance in different countries and due to the dynamic and political nature of public sector governance. Nonetheless, attention to such criteria provides a useful means for self-assessment and continuous improvement in NSDS governance.

The countries considered in this paper represent a mix of sixteen OECD countries, four non-OECD countries, and the European Union. Included in the analysis were: Belgium, Brazil, Canada, China, the Czech Republic, European Union, Finland, France, Germany, Ireland, Italy, South Korea, Mexico, Norway, Philippines, Portugal, the Slovak Republic, South Africa, Sweden, Switzerland, and the United Kingdom. Case study research was carried out for each of these countries using a combination of publicly available documents (*i.e.*, primarily Internet-based) and targeted interviews where possible.

Table 1. NSDS governance elements and effectiveness criteria

Governance Element	Effectiveness Criteria
Nature of strategy and government co-ordination	<p>Relevance and comprehensiveness: The more departments and levels of government for which the NSDS is relevant, the better. This implies that the NSDS is comprehensive with respect to economic, social and environmental issues.</p> <p>Department involvement: The more involved individual departments and other levels of government are in the NSDS process, the better.</p>
Placement of overall responsibility	<p>Top-level leadership: The more involved is the Prime Minister or President's office in the NSDS process, the better.</p>
Legislative Underpinning	<p>Legislative embeddedness: The more embedded the NSDS process is in legislation, the better.</p>
Link to budget processes	<p>Integration: The greater the integration of the NSDS vision and objectives with the plans and budgets that departments submit to planning and finance departments, the better.</p>
Stakeholder involvement	<p>Formality: The more formal the requirement for stakeholder involvement in the development and ongoing implementation of the NSDS objectives, the better.</p> <p>Multi-stakeholder: The broader the perspective attained through stakeholder involvement, the better.</p>
Links to local levels	<p>Guidance: The clearer the recommendation in the NSDS for sustainable development related strategies at the state/provincial and community levels, the better.</p> <p>Sub-national coordination: The more coordination between NSDS objectives and the objectives of state/provincial and community levels, the better.</p>

Nature of strategy co-ordination

NSDS co-ordination is an integral part of governance. Co-ordination has many important characteristics including multi-sectoral, multi-level, and multi-stakeholder. For purpose of this paper, we analyze co-ordination according to two criteria:

1. *Relevance and comprehensiveness:* The more departments and levels of government for which the NSDS is relevant, the better. This implies that the NSDS is comprehensive with respect to economic, social and environmental issues.

2. *Department involvement*: The more involved individual departments and other levels of government are in the NSDS process, the better.

Based on an analysis of twenty-one jurisdictions, two general typologies of strategy and coordination are observed (**Table 2**). Of the countries studied, 18 are classified as “top-down” in that they have pursued a national-level strategy for sustainable development under the title of an NSDS or National Agenda 21. Canada was the only country studied using a departmental sustainable development strategy approach. Mexico is considered in an “other” typology representative of an effort to integrate sustainable development concepts directly into an existing development planning process. One country (South Korea) had an environmentally focused national strategy.

Table 2. Nature of strategy and co-ordination

Typology	Countries
Top-Down (NSDS)	Good Practice Examples: United Kingdom, Norway, Switzerland Others: Ireland, Germany, Belgium, South Africa, Brazil, Philippines, Finland, China, Slovak Republic, Czech Republic, Portugal, France, Sweden, Italy, European Union
Bottom-up (Departmental)	Canada (departmental sustainable development strategies)
Other (e.g., through existing planning)	Mexico (<i>National Development Plan 2001-2006</i>)

Top-down (NSDS)

The “top-down” typology reflects those countries which undertake a national strategy or National Agenda 21 type process. Countries of this type typically have comprehensive strategies and are therefore relevant to all ministries or departments in government, though not necessarily to the same extent. Countries including the United Kingdom, France and the Czech Republic are often considered good practice examples from this perspective. Some countries exhibit more multi-level government strategy co-ordination than others and this is an important aspect of sustainable development. We feature the United Kingdom, Norway and Switzerland as good practice examples.

United Kingdom

The UK Sustainable Development Strategy (2005) continues to be one of the good practice examples from a strategy co-ordination perspective. Not only is it comprehensive, it also involves multiple levels of government in the development of the strategy and therefore speaks to each level. The strategy includes a comprehensive framework intended to guide policy across the UK government. As well as a nationally articulated strategy, individual departments are asked to develop their own sustainable development strategies within the context of the more far reaching UK strategy (UK Secretary of State, 2005).

In the process of developing the UK strategy, a *Strategic Framework for Sustainable Development* was produced in agreement with the Devolved Administrations of Scotland, Wales and Northern Ireland. The framework is intended to ensure a consistent approach to sustainable development across the UK until 2020. It includes the following elements:

1. a shared understanding of sustainable development
2. a vision and guiding principles
3. sustainable development priorities for UK action nationally and internationally, and indicators to monitor the key issues on a UK basis.

A vision and objectives for sustainable development are outlined in the strategy in the context of the UK Sustainable Development Framework and broadly speak to the UK Government and Devolved Administrations. The vision begins with the following goal statement: “*The goal of sustainable development is to enable all people throughout the world to satisfy their basic needs and enjoy a better quality of life, without compromising the quality of life of future generations.*” This will be achieved by addressing economic, social and environmental dimensions. A shared set of principles intended to form the basis for policy in the UK include: living within environmental limits, ensuring a strong, healthy and just society, achieving a sustainable economy, promoting good governance and using sound science responsibly (UK Secretary of State, 2005).

The strategy also specifies areas of sustainable development that each government department will report on beginning in 2006. The areas were identified by the departments based on respective responsibilities, needs and views. The areas outlined range from internal business of departments to policy proposals. Each department is responsible for reporting on their sustainable development strategy in individual annual reports. A cross-departmental sustainable development programme has been put in place to assist departments with reporting on their strategy and challenges departments to improve performance (UK Secretary of State, 2005).

The inclusion of department-specific strategies is intended to improve integration of sustainable development goals by departments. Sustainable development goals were less well integrated in the previous strategy and departments often chose to work with one or two of the most relevant goals without addressing more challenging policy areas. A critical review of the 1999 strategy showed it mainly influenced the Department for Environment, Food and Rural Affairs (DEFRA) and had limited influence on policy development in other departments. The 2005 strategy sends a message that sustainable development is not a “narrow specialist issue” (Niestroy, 2005).

Norway

Norway’s “National Strategy for Sustainable Development” was drawn up in 2002 in connection with the World Summit on Sustainable Development in Johannesburg. This was Norway’s first attempt to formulate a coherent, unifying national strategy. As a follow-up of the Strategy, a National Action Plan for Sustainable Development, or National Agenda 21, was adopted as part of the National Budget 2004 in October 2003, which was presented to the Parliament. Through the action plan, the Norwegian Government wishes to “ensure that sustainable development is given a permanent place on the political agenda” (Norway MOF, 2003). It is intended as a means of implementing the national strategy for sustainable development launched in 2002.

The Norwegian strategy aims to place sectoral policies in a more holistic perspective, and to ensure that all plans and measures contribute to a society of high quality, now and in the future. The overriding objective of the strategy is: “to make development ecologically, economically and socially sustainable. The basis for continued utilization of nature and natural resources must be maintained. Within these constraints we will promote stable, healthy economic development and a society with a high quality of life, and we will play a part in helping the poor people of the world to achieve material welfare and a higher quality of life” (Norway MOF, 2003).

The development of the NSDS was undertaken by the Government based on a wide consultation process with various ministries, the municipalities, social actors, indigenous people and a wide selection of organisations. The Norwegian NSDS also intends to be implemented in co-operation with the business sector, the research community, non-governmental organisations (NGOs) and individuals. Cooperation with these actors helps to address all dimensions of sustainable development.

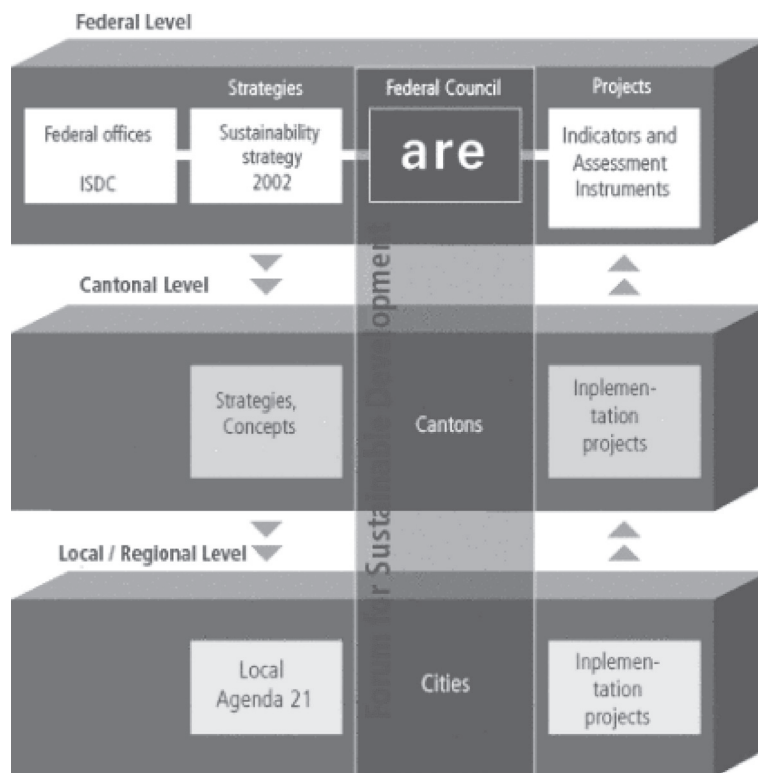
The implementation of the NSDS and National Agenda 21 is through the ordinary planning and budget processes. All the sectoral authorities share in the responsibility for sustainable development in their respective spheres of authority, and must incorporate sustainable development into all their plans, programmes and activities. The Special Committee, chaired by the Ministry of Finance, will invite relevant stakeholders in both public and private sector to participate in problems and solution oriented *ad hoc* groups around key topic areas. The preparation of municipal and county master plans and local development plans is required to integrate sustainable development (Ruotsalainen, 2005).

Switzerland

The current Swiss Sustainable Development Strategy was tabled in 2002. The strategy is based on the “provisions of the new Federal Constitution and aims to integrate the principles of sustainable development into as many policy areas as possible” (Swiss Federal Council, 2002). The document also articulates the “content and procedural framework for the Federal Council’s sustainable development policy over the coming years.” It contains a total of 22 action programmes in ten fields.

The co-ordination platform of the Swiss strategy and process is very interesting (**Figure 1**). The strategy is embedded in the mandate of the Interdepartmental Sustainable Development Committee (ISDC) with the strategy process being managed by the Federal Office for Spatial Development (ARE). The ARE “fosters systematic collaboration with cantons, towns and cities in the field of sustainable development (in the context of the Forum for Sustainable Development) and promotes the Local Agenda 21 campaign at cantonal, regional and local level” (Swiss ARE 2005, 2005b).

Figure 1. NSDS Co-ordination in Switzerland



Bottom-Up (Departmental)

Canada was the only country studied using the distributed departmental approach as the primary means for strategic and co-ordinated action for sustainable development. Rather than pursue a NSDS or National Agenda 21 process, Canada has since 1995 assigned responsibility for sustainable development to individual government departments and agencies. This responsibility is laid out under the *Auditor General Act*, which requires departments to submit to Parliament individual Sustainable Development Strategies every three years (Stratos, 2004). Each strategy has relevance to the respective department, but is not co-ordinated with the strategies of other departments, primarily because there has been no overlying national strategy to guide or create impetus for such co-ordination on economic, social or environmental issues.

The Federal Government through Environment Canada is currently co-ordinating the fourth round of departmental sustainable development strategies for 2007-09. The fourth round of strategies will have three new components noteworthy for the nature of strategy and coordination:

1. a set of common federal sustainable development goals;
2. consolidated reporting on federal sustainable development goals and linkages to federal planning and reporting processes; and
3. inclusion of guidance for greening government operations.

The Federal Government is currently developing a set of six sustainable development goals related to: 1) clean air, 2) clean water, 3) reducing greenhouse gas emissions, 4)

sustainable development and use of natural resources, 5) sustainable communities, and 6) governance for sustainable development. These goals are “intended to compliment work currently underway in departments to develop their departmental strategy and to provide an opportunity to contribute to federal sustainable development goals where they reflect departmental sustainable development strategy priorities”. Departments are being asked to identify for each federal goal a set of long-term and intermediate-term outcomes, and specific activities directed at these outcomes. Additionally, departments are being asked to develop qualitative or quantitative measures to gauge progress toward outcomes which would be set government-wide or by individual/groups of organisations.

In an effort to better link the existing federal government departmental planning and reporting process with commitments, departments are being asked to include sustainable development commitments in two annual reports. Both reports, the Report on Plans and Priorities and the Departmental Performance Report, are submitted to the Treasury Board Secretariat. By tagging each of the departmental sustainable development related commitments presented in the annual planning and reporting process, the federal government hopes to compile a roll-up report of departmental commitments under each federal sustainable development goal.

The six federal sustainable development goals are meant to integrate and complement an existing federal initiative, *Greening Government Operations*, for which objectives were set earlier in 2006. An Office of Greening Government Operations (OGGA) was created to facilitate the development of government-wide targets and common performance measures for three priority areas: building energy, vehicle fleets, and green procurement, along with other focus areas including waste management, facilities and land-use management, regulatory compliance, and green stewardship.

Through integration of the goals in the fourth round of departmental strategies, the Federal Government is striving to “identify how departmental activities support broader federal goals and objectives in respect of sustainable development” with the intention “that Canadians will gain a clearer picture of how the federal government works, in an ongoing way, to ensure improvements in our quality of life.” Improved co-ordination is also intended to strengthen accountability, drive government-wide performance, and focus and stimulate activity in some key areas.

Sustainable development in planning processes

Mexico is an interesting example primarily because the country endeavours to integrate sustainable development concepts into an existing development planning process. One of the disadvantages of this approach is that the sustainability concept tends to be less formulated and detailed when integrated into existing planning processes than when a separate NSDS is developed, particularly in the early stages of integration.

Mexico’s *National Development Plan 2001-2006* (NDP) is a six-year programme established by the Mexican President at the beginning of a presidential term. It is intended to provide systematic and coordinated economic, social, political and cultural development (Stratos, 2004). The three main objectives in the 2001-06 NDP are:

1. *Social and Human Development*: to improve the well being of the population, develop education, ensure equity, and strengthen human capital and government capacity;

2. *Growth with Quality*: develop the national economy, increase competitiveness, promote balanced regional development, and create conditions for sustainable development; and
3. *Order and Respect*: improve co-operation among authorities, make progress towards decentralisation, fight corruption, govern with transparency, and guarantee public security and justice.

This plan is unlike a national sustainable development strategy in that it is the government's main planning instrument containing its objectives and principles. In this case, sustainable development is just one of its 12 basic principles. The basis for planning in Mexico is the Law on Planning and the NDP prepared by the federal executive must "pursue the political, social, cultural and economic ends and objectives contained in the Political Constitution" (Palerm, 2005). This particular plan provides both short and long-term visions that define the major challenges and characteristics Mexico should hold in the forthcoming 25 years. National sectoral programmes complementing the *National Development Plan 2001-2006* (NDP) are developed by every Secretariat based on its own long-term (25-year) strategic outlook.

Placement of overall responsibility

The placement of overall responsibility for sustainable development and the national sustainable development strategy may be the most important governance aspect. In this regard, we assess the effectiveness of national efforts toward sustainable development based on the criteria that the more involved is the Prime Minister or President's office in the NSDS process, the better. Analysis revealed two main approaches: 1) top level responsibility, *e.g.*, prime minister's or president's office; and 2) devolved responsibility (Table 3).

Table 3. Placement of responsibility

Typology	Countries
Top-level responsibility	Norway, Germany, Finland, Czech Republic, Slovak Republic, Portugal
Devolved responsibility (planning department or other integrating department)	Mexico, China, Philippines, Sweden
Devolved responsibility (environment or related department)	Switzerland, China, UK, South Korea, Ireland, Belgium, South Africa, Brazil, Italy, Canada, France

Top-level responsibility

Five of the twenty-one jurisdictions exhibited top-level responsibility for the national sustainable development strategy, including Norway, Germany, Finland, the Czech Republic, the Slovak Republic and Portugal.

Norway's placement of responsibility is perhaps the most interesting and potentially the most effective arrangement. Leading the development of the *National Action Plan for Sustainable Development*, or *National Agenda 21*, is the Office of the Prime Minister and a special committee chaired by the Ministry of Finance (and consisting of deputy ministers from key ministries). The Ministry of Finance has the dual responsibility of coordinating central government activities and of drawing up a framework for efficient resource use in the country. This combination of responsibility can be very effective as it includes high-level leadership and involves the department with the most cross-cutting function in government (finance).

The Czech Republic also has an interesting and effective placement of responsibility including high level leadership and a range of ministries as vice chairs. The Government Council for Sustainable Development (GCSD) is responsible for the NSDS. It is chaired by the Deputy Prime Minister and has 28 members. Vice-Chairmen of the Council are Ministers from Industry and Trade, Labour and Social Affairs, and Environment. Other members of the council consist of representatives from non-governmental, academic, and social sectors, as well as central and local government authorities.

Portugal is an interesting example of shifting responsibility from an environment department to the Prime Minister's office. Initially, in 2002, SDS work was led by the Ministry of Environment; lead responsibility was then shifted by the Prime Minister to the PM's Office at WSSD. The most recent draft sustainable development strategy proposes to establish a "Strategic Mission Unit" within the PM Office, responsible for coordinating and monitoring implementation through all levels and sectors. This includes coordination of ministries, regional and local authorities, and society at large. While the proposed "Strategic Mission Unit" is considered to be desirable, it remains to be seen whether and how this proposal will be taken up. The current one-person unit in the PM Office raises questions as to whether capacity in the unit will be sufficient.

In Germany, the Chancellor, or Prime Minister, is responsible for the sustainable development strategy and for co-ordinating its process under the "guidance competence" of the Chancellery. The strong role of the Chancellor is considered to be an important factor for the success of sustainable development because it has lessened the conflicts that typically occur between ministries. Leadership from the Chancellery has also contributed to the progress and visibility of the strategy. At the same time, it is felt that sustainable development could be better integrated into other overarching political programmes, such as Agenda 2010 (Niestroy, 2005).

The Finnish National Commission on Sustainable Development has overall responsibility for the implementation of the Finnish Government's Programme for Sustainable Development. It is chaired by the Prime Minister and Vice-Chaired by the Minister of the Environment. The overall responsibility for sustainable development issues in the Slovak Republic rests with the Government Office via the Council of the Government for Sustainable Development. The Council is chaired by the Deputy Prime Minister and vice-chaired by the environment ministry.

Devolved responsibility (planning and other integrating departments)

China and the Philippines are examples of countries which have devolved the responsibility of the national sustainable development strategy process to their planning departments. This is an effective placement of responsibility, particularly when there is a good fit with the core mandate of those departments.

The overall responsibility for the implementation of China's *Agenda 21* rests with a National Leading Group for Promoting Sustainable Development and the Administration Centre of China's Agenda 21 (ACCA21). The National Leading Group is chaired by the National Development and Reform Commission (NDRC, formerly the State Planning Commission), and vice-chaired by the Ministry of Science and Technology (MOST). It consists of ministerial and vice-ministerial level officials from relevant ministries and an office is located in NDRC, the country's central planning and multi-sectoral agency in the country.

The National Economic and Development Authority (NEDA), as the Chair for the Philippine Council for Sustainable Development (PCSD), has the overall responsibility for *PA 21*. PCSD was created in 1993 through Executive Order No. 15, "Creating a Philippine Council for Sustainable Development" (1993) to implement sustainable development initiatives in the country. PCSD's role was further reinforced by Executive Order No. 62 "Strengthening PCSD". Core membership of the PCSD is composed of 3 line agencies, namely the National Economic and Development Authority (NEDA), Department of Environment and Natural Resources (DENR) and Department of Foreign Affairs, 5 civil society representatives and 1 representative each from the business and labour sector. Other government agencies are called upon when warranted by conditions.

The case of Sweden is particularly interesting, both from the perspective of placement of responsibility and real progress. In 2005, Sweden formed the Ministry of Sustainable Development through a merger of three previously separate departments: Energy, Environment, and Planning and Housing. Not long after this unique and timely merger, Sweden announced, to the envy of many governments around the world, an ambitious target to have an oil-free economy by the year 2020. Considering this effort along with earlier actions such as environmental tax shifting in the early 90s, Sweden has continually demonstrated leadership in key areas of sustainable development.

The new ministry has a mandate for energy issues, emissions trading, construction and housing, and responsibility for co-ordinating the Government's work on sustainable development. The Prime Minister has entrusted the Minister for Sustainable Development with overall responsibility for sustainable development in the Government Offices. But this internalization of sustainability principles goes beyond the new ministry. The 2006 "Budget Statement" from the Ministry of Finance stated that "sustainable development is an overall objective of government policy" and that the Government "aspires to make the idea of the green welfare state a reality" (Sweden MOF, 2006).

Devolved responsibility (environment and related departments)

The majority of countries studied devolved responsibility for the co-ordination of the NSDS process to the environment ministry. Albeit, the environment ministries concerned have different levels of influence across the countries studied and may deal with more than the environment (UK's DEFRA is an example of a ministry that has a mandate beyond the narrow interpretation of the environment). This trend is most certainly a legacy of which department championed the concept within government originally. These countries include Switzerland, the United Kingdom, South Korea, Ireland, Belgium, South Africa, Brazil, Italy, France, Canada and Sweden.

Such devolution of a cross-government strategy to the environment ministry is in most cases not an effective approach for strategic and co-ordinated action (with perhaps the exception of Sweden). There are signs of strategic change, however, as inter-

ministerial bodies are being formed to review the NSDS process undertaken by the environment ministries. For example, in Italy the Ministry of the Environment is politically responsible for the NSDS, but an Inter-ministerial Committee for Economic Planning (CIPE) is responsible for monitoring progress.

Belgium presents an interesting case of devolved placement of responsibility which may prove more effective than placement of responsibility in an environment ministry. The State Secretary for Sustainable Development is responsible for producing quadrennial Federal Plans for Sustainable Development, as enacted in the Act of 5 May 1997. Operating under the chairmanship of the State Secretary for Sustainable Development, an Interdepartmental Committee for Sustainable Development (ICSD) consists of representatives from all federal ministries. The ICSD is responsible for implementation of the federal plan as well as the co-ordination and implementation of sustainable development policies among the federal departments. A critique of the leadership related to the Federal Strategy indicates that while procedurally Belgium scores well, sustainable development has not yet been adopted as a philosophy as reflected in policy and practice. It is not yet a “common denominator” in policies across sectors (BFCSD, 2006) and continues to lack clear priorities and objectives (UNSD, 2005).

Legislative underpinning

We assess the effectiveness of national efforts toward sustainable development in relation to legislative underpinning based on the following criteria: the more embedded the NSDS process is in legislation, the better. As summarized in **Table 4**, only two countries have a legal basis for the sustainable development strategy process, namely Canada and Switzerland.

While the countries exhibiting top-level placement of responsibility may be considered good practice examples with regard to placement of responsibility, these examples don't always exhibit the same level of effectiveness with regard to legislative underpinning. In Germany, while the NSDS is firmly positioned in the Federal executive, the strategy itself has no formal legal basis. In Finland, there is no formal legal basis for the strategy, but the document was adopted as the Council of State Decision-in-Principle on the Promotion of Ecological Sustainability in 1998.

Table 4. Legislative underpinning

Typology	Countries
Legal basis for sustainable development	Canada, Switzerland, Belgium, France
No legal basis for sustainable development	UK, Norway, Ireland, Germany, South Africa, Brazil, Philippines, Finland, China, Slovak Republic, Czech Republic, Portugal, Sweden, Italy, EU, South Korea, Mexico

The most formal legislative underpinning for NSDS related processes appears to be in Canada, Switzerland, Belgium, and France. For example, in Canada, while responsibility

for coordinating departmental sustainable development strategies rests with the environment ministry, the *Auditor General Act* requires 25 departments to submit to Parliament individual Sustainable Development Strategies every three years (four more departments and agencies prepare such strategies on a voluntary basis). Government departments responsible for specific sectors are responsible for identifying issues of relevance to their mandate, and in developing policies, regulations and other instruments for achieving specific sustainable development objectives.

The Federal Swiss Constitution (1999) enshrines sustainable development as one of the national objectives of which Article 73 “binds organs of state at all levels to strive to establish a durable equilibrium between nature, and, in particular, its capacity to renew itself, and its use by man.” In addition, the constitution establishes new principles and policies for most of the sectoral policies relevant to sustainable development (Swiss Federal Council, 2002).

Even for innovative leaders in sustainable development processes like the United Kingdom, legislative underpinning is still not strong. The UK’s 1999 strategy indicated that all new public bodies were required to include a statutory requirement for sustainable development. The current sustainable development strategy indicates that the Government will provide further direction in the area of linking statutory requirements to sustainable development for all or key pre-existing public bodies. This has the potential to be an important move, given a lack of clarity in the past with respect to overall guidance for the strategy. Currently, the Prime Minister’s office is not responsible for the overarching policy of the SDS and there is no clear line of authority to trigger departments to develop and stick to targets.

Integration with the national planning and budgeting process

A government’s planning and budgeting system, typically co-ordinated by the finance ministry, is part of the central machinery of government. The greater the required linkage between NSDS objectives and the plans and budgets that departments submit to the finance department, the more effective the NSDS will be. In a 2004 study of nineteen countries, we concluded this to be one of the four most significant challenges facing the NSDS process (Swanson *et al.*, 2004).

Government spending is a key policy instrument for implementing and influencing sustainable development. In the absence of a formal linkage between sustainable development priorities and the planning and budgeting process, it is hard to see how these priorities can be systematically and effectively addressed. We therefore focus on the extent of integration of the NSDS process with the existing planning and budgeting systems of government as a proxy indicator of commitment to strategic and coordinated action for sustainable development (**Table 5**).

Table 5. Integration with national planning and budgeting processes

Typology	Countries
Some NSDS integration with the planning and budgeting system	Norway
Some linkages of the NSDS to the planning and/or budgeting system	Finland, Portugal, Philippines, China, France, UK, Sweden, South Korea, Brazil, Mexico
Indirect or no linkage to the planning and/or budgeting system	Ireland, Germany, Belgium, South Africa, Slovak Republic, Czech Republic, Canada, Switzerland

Ideally, integration of the NSDS with the government planning and budgeting system would result in a direct link between expenditure plans and goals and priorities set forth in the sustainable development strategy. The principles of sustainable development would then be addressed – namely that development, supported by the expenditure, would meet present needs without compromising the ability of future generations to meet their needs; and trade-offs and synergies among economic, social and environmental impacts (positive and negative) would be understood. In some critical cases this may also involve a strategic sustainability assessment of specific spending programmes early in their planning phase. None of the countries studied in this paper met the integration criteria set above.

Norway, however, appears to exhibit the greatest extent of integration of the NSDS with the national planning and budgeting system. The Norwegian NSDS is closely linked to the national budgetary processes in that Parliament adopted the National Action Plan, or National Agenda, as part of the 2004 National Budget. Implementation of the sustainable development strategy therefore happens through regular planning and budget processes of national sectoral authorities. Further, the Ministry of Finance chairs the special committee for the National Agenda 21, effectively ensuring consistency of sustainable development in the country's economic planning. This also provides financial assurance for the implementation of the NSDS.

The United Kingdom, France, Finland and Sweden are at the initial stages of developing elements of integration of sustainable development and budgetary processes. Featured below as good practice examples are the United Kingdom, France and Finland.

In the United Kingdom, major government spending decisions are made every two years and departmental limits are determined on the basis of business plans. In 2002, through a collaboration between DEFRA (Sustainable Development Unit) and HM Treasury, linkages were made between sustainable development and departmental objectives as a requirement. Considered to be a positive step towards greening the budget, challenges associated with transparency and monitoring of implementation have also been identified. For example, while the 2004 Spending Review incorporated sustainable development criteria, there was no indication of how departments were incorporating the criteria into their plans (Niestroy, 2005). The 2005 strategy indicates that further efforts will be made to better integrate sustainable development in the 2006 and future Spending Reviews.

In France, the NSDS attempts to apply institutional law to the finance law, *La Loi Organique sur les Lois de Finances* (LOLF). This budgetary reform, envisaged by institutional law, relates to the finance laws of August 2001 and encourages the development of administrative action toward appropriate sustainable development programming. LOLF aims to modernise public administration, and renew the nature and tools of parliamentary control by trusting public administrators with more freedom, and yet with more responsibility. A primary objective of the LOLF is to ensure that public policies are more transparent and meet performance standards. The framework of the LOLF is made up of programmes involving the ecology and sustainable development missions such as: a risk prevention and pollution control programme; a biodiversity programme; and, a programme responsible for the development of environmental politics and sustainable development, (FMEDDC, 2005).

The *Projet de Loi de Finances* (PLF) for 2006 is the first budget prepared according to provisions of institutional law relating to finance laws. The application of these new budgetary rules leads to a radically different presentation of the State budget. Traditional divisions in the budget with sections, chapters and articles are replaced with missions, programmes, and actions. Each mission, programme and action has measurable indicators associated with it. The new budget was launched on January 1, 2006 (FMEDDC, 2005a).

The Finnish Government Programme for Sustainable Development (FGPSD) states that the national sustainable development strategy will be put into effect by ministries and other units of public administration in their own strategies, action plans and activities. Accordingly, ministries have prepared their own strategies for sustainable development. For example, a strategy for the transport sector is developed for the sector to support the NSDS. It is clearly stated in the FGPSD that the Programme was formulated “on the premise that no separate state appropriations or additional funding will be required from the State Budget for the Programme’s implementation” (FNCSD, 2005). Rather, ministries, local authorities and other social administration organisation are to build the goal of sustainable development into all their activities and functioning, and the implementation of the FGPSD is covered by their regular budget.

In Sweden, the Local Investment Programme for Sustainable Development, managed by five Ministries responsible for “ecological sustainability” and chaired by the Ministry of the Environment, was implemented from 1998 to 2003. The 2006 “Budget Statement” from the Ministry of Finance stated that “sustainable development is an overall objective of government policy” and that the Government “aspires to make the idea of the green welfare state a reality” (SMOF, 2006).

Stakeholder involvement

Stakeholder involvement is a fundamental tenet of sustainable development, and therefore, is an extremely important aspect of NSDS governance. This is not just due to the need to build support for the priorities of the NSDS. Although important, the primary rationale for stakeholder involvement is rooted in complexity. No single group is likely to have sufficient perspective to understand and address complex integrated issues. Multiple perspectives are necessary, and this requires broad stakeholder involvement. Participation also strengthens the relevance of the strategy and increases its legitimacy.

For effective stakeholder involvement, we consider two criteria:

1. *Formality*: the more formal the requirement for stakeholder involvement in the development and ongoing implementation of the NSDS objectives, the better.
2. *Multi-stakeholder*: the broader the perspective attained through stakeholder involvement, the better.

When the requirement for stakeholder involvement in the development and ongoing implementation of NSDS objectives is formalized, strategy effectiveness increases. This is not to say that *ad hoc* stakeholder involvement processes are not effective, in fact they can reach more people and complement formal involvement. Formal processes however, can ensure that participation is not one-off and NSDS issues that require longer term and repeated engagement with stakeholders are addressed.

Three types of stakeholder involvement can be observed from the countries studied (**Table 6**). The first type is characterized by a national government council that includes other stakeholders from outside government. The second type is an advisory council made up of stakeholders external to government. The third type is *ad hoc* characterized by consultation during the process of creating strategies and action plans.

Table 6. Stakeholder involvement

Typology	Countries
National government councils with stakeholders	Finland - Finnish National Commission on Sustainable Development Czech Republic - Government Council for Sustainable Development Ireland - National Sustainable Development Partnership Switzerland - Sustainable Development Forum in which governments, cantons and larger towns participate Brazil - Commission for Sustainable Development Policies and of the National Agenda 21 South Korea - Presidential Commission on Sustainable Development
Non-government national stakeholder advisory councils	United Kingdom - Sustainable Development Commission France - National Council for Sustainable Development Slovak Republic - Working Group for Sustainable Development Belgium - Federal Council for Sustainable Development Germany - German Council for Sustainable Development Portugal - Portuguese Council for Environmental and Sustainable Development Philippines - Philippine Council for Sustainable Development Canada - Round Table for the Environment and Economy South Africa - Round Table for the NSDS
<i>Ad hoc</i> consultations	Canada - consultations in development of departmental sustainable development strategies Norway - National Action Plan circulated for public comment Sweden - stakeholder consultation for policy proposals Mexico - citizen consultation sessions for components of the national development plan Italy - NSDS negotiated with relevant stakeholders

National government councils with stakeholders

Featured here as good practice examples for this type of stakeholder approach are Finland, the Czech Republic and Ireland.

The Finnish National Commission on Sustainable Development (FNCSD) has overall responsibility for the implementation of the Finnish Government's Programme for Sustainable Development. The Commission consists of 40 members from senior governmental officials and public administrators, to representatives from business, trade unions, science community, local authorities, domestic and international NGOs. Members include ministers of foreign affairs, agriculture and forestry, foreign trade and development, social affairs and health, labour, representatives from the ministries of finance, defense and education, the parliament and local authorities. They also include representatives from various social groups, non-governmental organisations, the media and indigenous people (the Sami). It is chaired by the Prime Minister and vice-chaired by the Minister of the Environment. The Secretariat of FNCSD is seated in the Ministry of Environment.

The FNCSD acts as a forum where different stakeholders present their ideas, goals and programmes, and engage in a broad debate about sustainability. It coordinates the implementation of sustainable development in Finland, provides guidance to the development of sectoral and local sustainable development strategies, as well as monitors and assesses the implementation of the NSDS in Finland. In the strategy development process, a Strategy Group composed of 21 members from ministries and stakeholder organisations has been established. The Strategy Group is chaired by the Minister of Finance, and vice-chaired by the Minister of Environment and Minister of Social Affairs and Health. An inter-ministerial secretariat is set up in the Ministry of Environment. The Strategy Group organised various small workshops to discuss specific themes, and broad national consultation is launched via the Internet (FNCSD, 2005).

The Czech Republic's Government Council for Sustainable Development (GCSD) is mandated to encourage public discussion related to sustainable development, and to make information readily available for the public. The GCSD is made up of three non-governmental organisations, 15 ministries and agencies, and seven institutions and academic and private sector bodies. The GCSD meets once every three months and meetings are open to permanent collaborators of committees and working groups, experts or guests. External co-operators may be invited to serve on a committee or working group of the Council. Transparency is assured as the GCSD activities, adopted documents, and conclusions are posted on its web site and made available to the public. In addition to this Advisory Council, a Sustainable Development Forum takes place once a year to initiate public discussion and to build awareness of sustainable development among the public (CGCSD, 2003).

The primary mechanism for consultation and dialogue on sustainable development in Ireland is the National Sustainable Development Partnership, *Comhar*. Formed in 1999 based on the 1997 sustainable development strategy recommendation to improve partnership with stakeholders, the *Comhar* is mandated to advance the national agenda for sustainable development by providing advice and contributing to consensus. Through a series of working groups, agreements are sought on policy decisions regarding programmes, policies and policy instruments; reports are commissioned and awareness-raising activities are funded. The *Comhar* operates in 3 year cycles and consists of 25 members from government, economic sectors, environmental and social NGOs, professionals and academics. The chairman of the Parliamentary Committee on

Environment and Local Government is an “ex-officio” member of *Comhar*. Due to time limitations when preparing the 2002 update, the *Comhar* was the only consultation mechanism used (IDOEI, 2002).

The Ministry of Environment and Local Government is the main Ministry that consults regularly with the *Comhar*, usually regarding new policy initiatives. Recognized as an experimental body, the *Comhar* is not yet perceived as having influence – lack of consultation with the *Comhar* with other Ministries or initiatives has been an important gap, particularly in the development of the National Development Plan (Niestroy, 2005).

National Stakeholder Advisory Councils

Featured as good practice examples for this stakeholder approach are the United Kingdom, France and Germany. The Sustainable Development Commission (SDC) in the United Kingdom was first established in 2000 for the purpose of advising and providing critical feedback on sustainable development to the UK government as well as advocating sustainable development across all sectors, and building consensus on actions. The SDC consists of 21 nominated or appointed Commissioners from business, NGOs, local and regional administrations, and academia. The SDC reports to and has close links with the Office of the Prime Minister as well as the devolved governments of Scotland, Wales and Northern Ireland.

There is some criticism that the SDC would have more influence if it were linked to an overarching government body, rather than to DEFRA (Niestroy, 2005). This thinking appears to be reflected in the 2005 sustainable development strategy, where consideration is given to the possibility of the SDC as an executive agency under statutory requirements. In the meantime, the role of the SDC is being strengthened by the addition of a director and allocation of additional resources (UK Secretary of State, 2005).

Ad hoc consultations were also used in preparation of the strategy, including online discussions, workshops organised by independent sustainable development organisations, nine regional dialogue events in England, and facilitated local community consultations. Written and electronic responses from the public reached 900.

For the purpose of transparency and participation, France included the regional authorities and civil society in the development of the NSDS. In fact, the attitude was that in order to develop a successful strategy, “mobilization of all French citizens and... the participation of all of society’s players” would be necessary. To this end, the National Council for Sustainable Development which brings together 90 members representing thousands of different groups from regional authorities and civil society was established on 14 January 2003. In terms of *ad hoc* stakeholder involvement, all ministries have been asked to identify, organise and prioritise lines of action and in doing so, have been encouraged to use open dialogue and to work together with all stakeholders in civil society (FCNDD, 2003).

In Germany, the main body for encouraging stakeholder involvement is the German Council for Sustainable Development. Established in April 2001 by the Chancellery, the council consists of 17 members of the public and is responsible for contributing to the implementation of the sustainable development strategy, designation of specific areas of action and projects and raising public awareness of sustainability. Public consultation on sustainable development strategy progress reports appears to be increasing through online mechanisms, such as the website “dialogue for sustainability” established in 2004.

Notwithstanding, there is still a sense that the National Sustainability Strategy continues to reach experts, but has not yet engaged a broader public (GRNE, 2006).

In addition to engaging in critical dialogue with the Federal Government and civil society, the GCSO also takes part in a network of European environment and sustainability councils which reviews the European sustainable development strategy. The Council has initiated a federal campaign “Citizens initiate Sustainability” (BIN) which promotes projects at local and regional levels.

Links to local levels

To be considered strategic and effective, national action toward sustainable development must catalyze new action and leverage the self-organizing potential at the sub-national and local levels. Promoting sustainable development effectively when central, state or provincial and municipal governments may all be pursuing different agendas is inherently complex, but critically necessary. The effectiveness of NSDS governance in relation to linking with local level sustainable development action can be assessed based on the following criteria:

1. *Guidance*: the clearer the recommendation in the NSDS for sustainable development related strategies at the state/provincial and community levels, the better; and
2. *Coordination*: the more co-ordination between NSDS objectives and the objectives of state/provincial and community levels, the better.

The analysis presented here is from the perspective of effective governance of the NSDS. A country with an active local sustainable development process that was catalyzed at a sub-national level is not necessarily a reflection of an effective NSDS – it is a reflection of an engaged local citizenry. What we are trying to capture is how the NSDS provides impetus for strategic sustainable development action at the local level and how co-ordinated it is with the local level – receiving and incorporating messages on priority issues from the ground up, and sending messages of priority issues at the national level to the ground for implementation.

Countries are grouped into three broad categories based on varying degrees of guidance and coordination (**Table 7**). The *first* category and the one we consider most effective from an NSDS assessment perspective includes NSDS that recommend local sustainable development related strategic action and attempt to co-ordinate with it. This type of co-ordination has potential for increased effectiveness as local and national programmes can work together and exploit comparative strengths to achieve shared objectives. The *second* category includes countries that recommend local sustainable development action, but do not necessarily co-ordinate this local action. The *third* category is a listing of countries for which sustainable development action at the local level is occurring, but the NSDS does not stress the need or importance of such action. Again it is important to note that this typology is not an assessment of the effectiveness of the local action itself, but rather it is a reflection on the degree of importance awarded to it by the NSDS.

Table 7. Linkages with local sustainable development actions

Typology	Countries
NSDS recommends local sustainable development action and co-ordinates with it	Switzerland, Ireland, France, Czech Republic, Republic of Korea
NSDS recommends local sustainable development action	Sweden, Finland, United Kingdom, Italy, Philippines, China
Local sustainable development action, but NSDS does not stress the importance of such action	Germany, Slovak Republic, Portugal

NSDS links to local levels

Switzerland, Ireland, France, the Czech Republic and the Republic of Korea appear to be countries that recommend local sustainable development action, along with implementation mechanisms to coordinate the action. These countries are featured here as good practice examples.

In Switzerland, the Federal Office for Spatial Development fosters systematic collaboration with cantons, towns and cities in the field of sustainable development (in the context of the Forum for Sustainable Development) and promotes the Local Agenda 21 campaign at cantonal, regional and local level. Quality criteria for a sustainable development process were developed by a working group from the Sustainable Development Forum for cantons and towns and are meant as a reference framework for public authority actors at the cantonal level.

In Ireland, the Department of Environment, Heritage and Local Government is centrally responsible for Ireland's 29 County Councils and 5 city councils. The main sphere of influence for local authorities is in the adoption of local development plans. The 1997 sustainable development strategy included elements of local planning, and three years later, legislation was introduced to include "proper planning and sustainable development" in addition to Strategic Environmental Assessment for all plans at county, regional and local levels. Later, the National Spatial Strategy was developed, though linkages to the sustainable development strategy appear to be weak (Niestroy, 2005).

However, there are some linkages between Local Agenda 21 and the sustainable development strategy. The 1997 sustainable development strategy requested that local authorities complete a LA 21 for their areas by 1998. Resources for local communities were provided by an Environmental Partnership Fund, to enable "a wide range of on-the-ground projects to be undertaken by local authorities and NGOs in partnership at local level, with or without a LA 21 approach". Some delays in formal adoption of Local Agenda 21 have been attributed to local government reform. The 2002 update includes promotion of Local Agenda 21 through County and City Board Development processes (IDOEI, 2002).

France's Ministry for Ecology and Sustainable Development encourages Agenda 21 implementation focusing on integrating sustainable development into local policy and in 2004, 119 Local Agenda 21 plans were registered in France. The plans have three levels:

departmental (involving the department's townships); inter-communal (an agreement between two or more townships); and, local (involving particular local interests). In support of these Agendas, the Ministry for Ecology and Sustainable Development periodically organises "seminars of reflection", inviting 155 local communities constituting the "National Agenda 21 Network". The seminars provide an occasion for sharing knowledge on sustainable development.

At sub-national level in Norway, more than 60% of the municipalities have already signed the *Fredrikstad Declaration*, a Norwegian tool for promoting democracy and sustainable development. After the adoption of the NSDS, county and municipal authorities continued to adopt the methods of Local Agenda 21, or the *Fredrikstad Declaration*. The preparation of municipal and county master plans and local development plans is required to integrate sustainable development (Ruotsalainen, 2005).

The Working Group for Local Agenda 21 in the Czech Republic under the Government Council for Sustainable Development aims to disseminate lessons learned in the implementation of local Agenda 21 in municipalities, micro-regions and regions. The intent is to ensure that Local Agenda 21 becomes a customary instrument of public administration, contributing to the principles which lead to sustainable development. Furthermore, the strategy recognizes that in the field of regional development, it is necessary to work towards eliminating economic disparities through creating conditions which provide support for the co-operation of regions and the implementation of local Agenda 21. This is measured by a set of indicators, one of them being, the percentage of local authorities that have implemented Agenda 21 (CGCSD, 2003).

Local Agenda 21 is widespread in Korea as it is being planned or implemented in 90% of Local Administration Districts (222 out of 248). Local Agenda 21 has been instrumental in facilitating a shift towards bottom-up approaches to local level decision making in Korea, particularly as local associations and NGOs were also on the rise since the early 1990s. The Korean Council for Local Agenda 21, a voluntary national network, was formed by the central government and the Presidential Commission on Sustainable Development (PCSD) to assist with local capacity building for LA 21 implementation (KCLA21, 2006).

The Korean Council has had some direct involvement in sustainable development planning including conducting research on plans for the PCSD and organisation of the Local Council for Sustainable Development. Progress towards incorporation of sustainable development policies at the local level is limited however, and has been attributed to a lack of active participation on the part of administrative bodies. A related factor is that LA 21 projects often are on-off projects that may prevent long term comprehensive understanding of sustainable development among local officials (KMOE, 2003).

NSDS recommends local action

Among those countries recommending local action in the NSDS, but not necessarily co-ordinating with this action are Sweden, Finland, the United Kingdom, Italy, Philippines and China. The cases of Sweden, Finland and the United Kingdom are discussed below.

In Sweden, after Rio (1992), municipalities were encouraged to start Local Agenda 21 processes, which were supported by government grants and, in 1995, the National Committee for Agenda 21 was established for monitoring the process. Around 70% of the

municipalities have LA 21 processes and roughly half have developed their own sustainable development/local action plans. “So far no mutual adaptation of the national sustainable development strategy and the Local Agenda 21 activities has taken place,” though there are some new initiatives to strengthen these links in 2004 the Government sustainable development strategy asked all local authorities to develop their own sustainable development strategy by 2005. The Ministry of Regional Affairs will present the revised NSDS at its annual conference on sustainable development strategy.

In Finland, the FGPSD encourages local authorities, private sector and many social actors to follow the lines of action described in the Programme. Many local authorities had their own local Agenda 21s before the national sustainable development strategy was formulated. Around 80% of Finnish municipalities have started LA 21 processes.

In the United Kingdom, one of the key messages of the 2004 NSDS consultation was a need for Government to “reenergize community action to achieve a step change in the delivery of sustainable development”. This may particularly be the case as the once abundant Local Agenda 21 initiatives no longer have the momentum they once did. A new programme included in the 2005 sustainable development strategy, “Community Action 2020 – Together We Can” appears to respond to the need for greater community action. The programme is being developed through the Central Local Partnership, a collaborative effort between the Local Government Association, the Improvement and Development Agency, the Audit Commission and other stakeholders.

Summary of good governance practices in NSDS

This review of good practice examples of governance related to NSDS reveals some innovations in virtually all of the countries studied. Some of the most interesting good practice examples are summarized in **Table 8**.

Table 8. Good practices in NSDS governance

Governance Structure	Country	Good Practice Examples
Strategy co-ordination	UK Norway	UK Sustainable Development Strategy 2005; UK Strategic Framework for Sustainable Development; Community Action 2020 National Strategy for Sustainable Development; National Action Plan for sustainable development; Fredrikstad Declaration
Placement of responsibility	Germany Norway Sweden	Guidance competence of the Chancellor Office of Prime Minister and special committee chaired by Ministry of Finance Ministry of Sustainable Development (merger of Energy, Environment, and Planning and Housing departments)
Legislative underpinning	Canada Switzerland	Auditor Generals Act requiring departmental strategies every three years The Federal Swiss Constitution (1999)
Integration with planning and budgeting processes	Norway	National Action Plan adopted as part of the National Budget 2004
Stakeholder involvement	France UK Finland Czech Republic	National Council for Sustainable Development Sustainable Development Commission (links to regions) Finnish National Commission on Sustainable Development Government Council for Sustainable Development
Links to local sustainable development governance mechanisms	Switzerland France	Quality criteria local sustainable development processes 119 Local Agenda 21s

Strategy co-ordination

The types observed included “top-down” (an NSDS or Agenda 21 processes), bottom-up (departmental sustainable development strategies – Canada), and other (*e.g.*, some integration of sustainable development concepts into existing development planning processes – *e.g.*, Mexico). The advantage of the top-down typology is that the strategy produced is typically more comprehensive in its coverage of economic, social and environmental issues and is relevant to more government departments. Bottom-up (departmental) sustainable development strategies may be comprehensive in coverage of specific sectoral issues compared to a top-down strategy, but given that they are

departmental strategies, they are not typically integrated with the strategies of other departments.

The “other” category is a more complex typology. Mexico’s efforts to integrate sustainable development concepts into existing development planning processes is certainly a potentially effective approach, but suffers from the trade-off that the sustainable development concepts introduced are diluted relative to a focused NSDS process.

Placement of responsibility and legal basis

The types considered for this governance aspect included top-level responsibility, devolved responsibility among planning departments and among environment departments, and legal or no legal mandate for the NSDS. It is certainly difficult to argue the importance of top-level leadership by the prime minister or president’s office and even finance departments. Devolving responsibility of such a cross-cutting government function to a single department such as an environment department is not an effective governance structure.

Devolving responsibility to a single department can, however, be effective if the department has some inherent cross-cutting function (*e.g.*, a finance department and its mandate for fiscal responsibility and public accountability such as in Norway; a department of sustainable development that is a merger of several key departments such as in Sweden). Responsibility should not be confused here with involvement, which is necessary for all departments across government for an effective NSDS process. But responsibility must be focused somewhere, and to be most effective this should be with an office or department with a cross-cutting function that has legitimacy across government.

Legal embeddedness for a process of strategic and coordinated action is fundamental. But evidence from studying twenty-one jurisdictions would indicate that sustainable development is still not a priority that demands longevity and certainty of process as provided by a solid legal foundation.

Stakeholder involvement

The types observed for this governance aspect included national government councils with stakeholder involvement, national stakeholder advisory councils and ad hoc stakeholder participation processes. Suffice it to say that all three typologies have their place in the NSDS. National government councils have the advantage of ensuring more relevance for the council given its close ties to government decision makers, but it typically does not allow for a sufficient number of stakeholders to provide the level of multiple perspectives which complex issues demand.

The stakeholder council suffers from the opposite dilemma in that it typically has broad stakeholder representation, but lacks the influence and direct connection with key government decision makers. But clearly, an independent stakeholder body is critical to the NSDS because it represents ownership of progress toward improvements in economic, social and environmental wellbeing for which all levels of government, businesses and citizens can influence and share responsibility for progress. The answer just might be that both are required for developing something as comprehensive as priorities for sustainable development.

Links to local levels

The types observed for this aspect of NSDS governance included: recommendation for and co-ordination with local sustainable development action; recommendation for local sustainable development action; and local sustainable development action not necessarily influenced by NSDS. These represent degrees of effectiveness rather than different types of co-ordination. Co-ordination with local sustainable development action is the most effective because it is understood that local sustainable development action is important, as is the two-way feedback involved in coordinating the action. Because all development is essentially local, feedback from local to national levels is fundamental. At the same time, cumulative impacts from unsustainable development may not be detectable at one local point, resulting in a need for feedback from national to local levels as well.

Integration with planning and budgeting processes

The types observed for this aspect of governance are similar to the local governance aspect in that they represent varying degrees of integration of the NSDS with existing planning and budgeting processes. The first typology represents full integration of the NSDS with existing planning and budgeting processes. We featured Norway as exhibiting initial progress toward such integration. The advantages of full integration are numerous and typify effective strategic and coordinated action for sustainable development.

We pay particular attention here to the challenge of integrating the NSDS with existing national planning and budgeting processes for two primary reasons. First, the effectiveness of integration is in many ways a proxy for the effectiveness criteria relevant to other aspects of governance considered in this paper. Second, although such integration has been a serious challenge to date, a tremendous opportunity is emerging given a recent surge of innovation in government accountability systems and frameworks. We elaborate on these two reasons below.

Integration with existing national planning and budgeting systems is a good proxy for the overall effectiveness of the NSDS because seamless integration of the sustainability concept with existing planning and budgeting processes would:

1. require that sustainability priorities and objectives be comprehensive in nature, and operate in an integrated manner with economic, social and environmental issues and relevant for all departments (relevance and comprehensiveness criteria)
2. inherently involve all departments (departmental involvement criteria)
3. place responsibility for progress toward priorities and objectives with the Prime Minister or President's office (or equivalent) and as well would involve the finance departments which coordinate and monitor the expenditures (placement of responsibility criteria)
4. embed sustainability concepts naturally within legal requirement for departments to prepare plans and report annually on progress (Legislative embeddedness criteria)
5. demand formal involvement of multiple stakeholders through the regular process of preparing national budgets (formal and multi-stakeholder involvement criteria)

6. provide guidance to other levels of government as national-level expenditures inherently impact local economic, social and environmental conditions (guidance criteria)
7. help coordinate action with other levels of government via fiscal responsibility and accountability (coordination criteria)

From this perspective addressing the challenge of integration of NSDS and existing planning and budgeting processes is a critical leverage point for navigating sustainable development. A second reason to pay particular attention to this challenge is because of the enormous opportunity that is beginning to present itself through recent innovations in government accountability systems. These innovations appear to be occurring more in sub-national levels of government and we base this on observations at the provincial and state government levels in the United States (**Box 2**) and Canada (**Box 3**). We make the assumption that similar advances in government accountability systems have and are also occurring in other countries.

Box 2. Strategic planning In Oregon, USA

The state government of Oregon in the United States embarked on a path toward strategic public management around 1989. Their results-oriented strategic planning process has been designed to “measure progress towards Oregon’s strategic vision, Oregon Shines.” Oregon Shines, originally drafted in 1989, is updated every eight years and encompasses the entire state.

The strategic vision has three goals: (1) quality jobs for all Oregonians; (2) safe, caring and engaged communities, and (3) healthy, sustainable surroundings. A set of indicators called the Oregon Benchmarks were designed to “help to provide the long view perspective in solving economic, social and environmental problems. The Oregon Benchmarks are a set of 90 indicators under seven categories, namely: Economy; Education Report; Civic Engagement; Social Support; Public Safety; Community Development; Environment. They are used for a broad array of policymaking and budget-related activities. Oregon state agencies are now required to link their key performance measures to the Benchmarks (Oregon Progress Board 2006).” Key performance measures are required for state agency plans, with this requirement being introduced in the 2003 budget cycle and improved on in the 2005 cycle.

The Oregon Benchmarks are monitored by the Oregon Progress Board, an independent state planning and oversight agency created by the Legislature in 1989. Its responsibility is to monitoring the state’s 20-year strategic vision, Oregon Shines. The Progress Board consists of a 12-member panel which is chaired by the governor of the state. The Progress Board’s official mission is to make Oregon Shines a reality and make the Benchmarks a useful tool for Oregonians working to improve their communities. This requires that the Board carry out an annual assessment of Oregon’s quality of life and help others to align resources and manage performance to make it better. Its 2005 progress report is entitled “Achieving the Oregon Shine’s Vision: the 2005 Benchmark Performance Report – Report to the Oregon Legislature and the People of Oregon.”

Source: Oregon Progress Board (2006); Barg *et al.* (2006)

As previously noted, Cherp *et al.* (2004) reminds us of two critical points. First, Agenda 21, the United Nations call to action for sustainable development at the national level, *envisaged that the necessary harmonization and extension of existing policies and*

plans would occur through the adoption of an identifiable strategy for sustainable development (paragraph 8.7). Second, and most importantly, the overall objective was not to develop a new strategy document, but “to improve or restructure the decision-making process so that consideration of socio-economic and environmental issues is fully integrated and a broader range of public participation assured (paragraph 8.3).”

The concept of sustainable development was indeed an innovation in development thinking. But the concept needs to be incorporated into existing government decision making machinery to have impact. In an ideal situation, *i.e.*, where a government accountability system such as presented in Oregon and Alberta already exists, the concept of sustainable development can be integrated with the existing government machinery at the appropriate places. For example, with an overall vision and goals of future development in place, the tenets of inter-generational consideration and integration of economic, social and environmental systems could help improve an existing vision and its underlying outcome-based objectives. And with an outcome-based monitoring and evaluation system to provide navigational aids to departments in place, progress toward societal outcomes in the economic, social and environmental dimensions of development could be tracked and necessary adaptations made to existing policies and programmes. Additionally, the sustainability tenet of multi-stakeholder participation in creating the vision and the underlying priorities could also help improve the existing machinery.

But the fact is that these high-level government accountability and strategic public management components have not yet been formally created in many governments. Coupled with the fact that the concept of sustainable development resonated first with environment departments, this has led to the creation of NSDS documents, processes and related indicators that are not integrated with the existing planning and budgeting machinery of government. Champions in environment departments put forth strategic documents relevant to the entire development picture, but they lack the legitimacy in most cases with the planning and finance departments, and the rest of government, to introduce a public administrative component that is relevant to government as a whole.

So fifteen years after Agenda 21 put forth the notion of NSDS, we typically still have sustainable development strategy documents and processes that are not connected with government planning and budgeting, and we still have development indicators for which government departments do not typically have to refer to in a regular cycle of continuous learning, improvement and adaptation.

But improvements in the integration of the NSDS in existing government planning and budgeting processes are occurring as exemplified by countries such as Norway and the involvement of the Finance Department in the NSDS and the United Kingdom through the spending review process. Countries like Mexico, which are attempting to introduce the sustainability concept directly into their existing development planning processes, are interesting cases to keep abreast of as such cases will highlight the tradeoffs between a more elaborate understanding of sustainable development via the NSDS and a higher degree of integration with existing processes.

Box 3. Goal-based budgeting in Alberta, Canada

Alberta was one of the earliest adopters and leaders in government business planning and performance outcome measurement and reporting beginning in roughly 1993 with the introduction of *Measuring Up*, Alberta's performance measurement system to report on high-level government outcome measures of performance. The *Government of Alberta 2004-05 Annual Report* is the eleventh annual performance report that includes both consolidated financial statements and *Measuring Up*, a report to Albertans required under section 10 of the *Government Accountability Act*. In North America, Alberta was one of the earliest pioneers of government performance measurement along with Oregon, Minnesota, Florida and Texas. Other governments since then, including provincial governments and the Canadian Government, have introduced business planning and performance measurement systems.

The most significant improvement in Alberta's governance and accountability system has been the adoption of goal-based budgeting and the expansion of indicators used to measure progress. For example, the *2004-05 Measuring Up* report is organised according to 12 overarching government goals with 76 performance measures established in the *2004-07 Government of Alberta Business Plan*. Goals 1 through 11 are related to the government's overall programmes and services while Goal 12 is focused on government-owned and supported infrastructure (*i.e.* capital). For each goal total expenses are estimated based on the distribution of expenses from the *2004-05 Consolidated Statement of Operations* report.

For each goal a set of core government measures are aligned. For example, Goal 1 states "Albertans will be healthy" with core measures including: a) life expectancy at birth; b) participation in healthy behaviour; c) self-reported health status; d) overall quality of health care and e) ease of access to physician and hospital services. Furthermore, budgeted expenditures are reported along with actual expenditures (current year and previous year) for each respective goal. For example the budgeted expenditure for Goal 1 (health) was \$8.41 billion in 2004-05 and actual expenditures of \$9.07 billion (compared with \$7.63 billion in 2003-04).

Source: Barg *et al.* (2006)

Conclusions

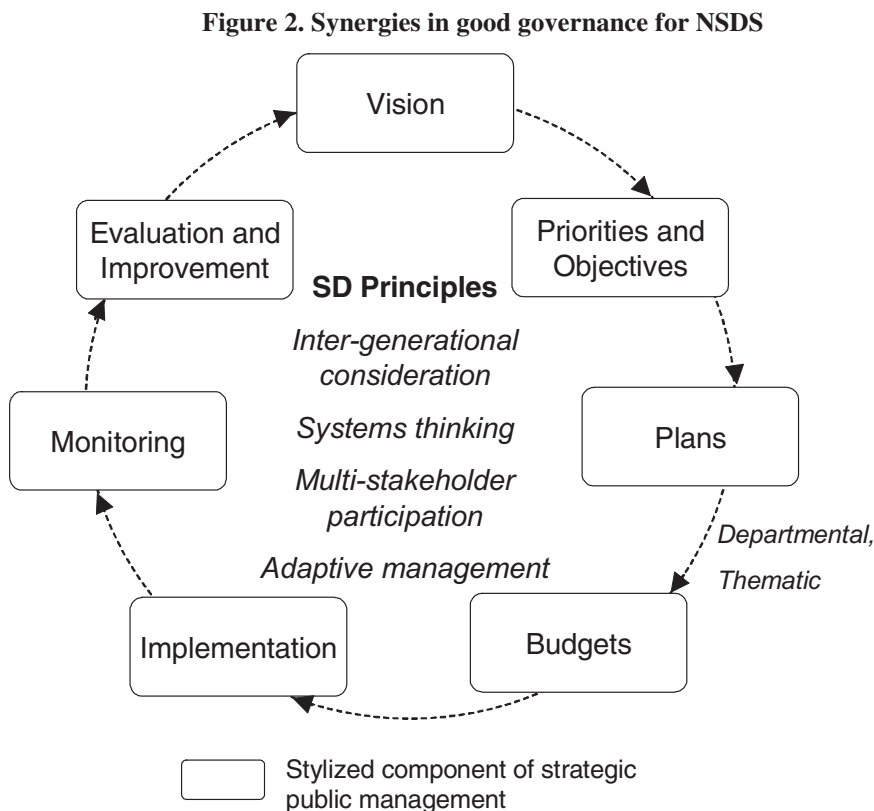
The NSDS is at a critical juncture in its development. In most applications, the NSDS is still not sufficiently linked to existing government planning, reporting and budgeting systems. This is a serious weakness because this type of integration can be a good proxy for the overall effectiveness of NSDS governance. But with this challenge we see an enormous opportunity emerging. At the same time that governments are developing NSDS and associated governance structures (often championed by environment departments), governments via finance departments and treasury board secretariats are also making important advances in government accountability (*e.g.*, annual departmental planning and reporting processes). And both of these efforts – the NSDS and government accountability systems, have a common purpose – to navigate real progress toward advances in the quality of life of its citizens.

For government accountability systems to become more strategic and outcome-oriented, a viable and sophisticated concept of future national development is required. The concept of sustainable development can help meet this need through its inter-generational consideration, integrated thinking (integrated economic, social and

environmental perspectives) and its multi-stakeholder principles. For the NSDS to become more strategic and outcome-oriented, strategies must be integrated into the existing machinery of governmental planning, reporting and budgeting. The NSDS and current efforts toward government accountability would appear to be a perfect match – with the potential to advance a form of national development that is sustainable.

Synergy between these two governance components is urgently needed if we are to achieve real and timely progress toward effective strategic and coordinated action for sustainable development (**Figure 2**). While creating this synergy is largely a function of leadership, it is also a function of understanding of the extent of improvements that are being made on both sides of the equation – an awareness of and embrace of innovations in government accountability systems by those championing the concept of sustainable development, and similarly, of innovations in the NSDS by those championing government accountability and whole-of-government planning and reporting systems.

From the perspective of those championing the NSDS, this synergy could be facilitated by focusing more effort on analyzing the components of good practice examples in government accountability and whole-of-government planning and reporting systems being pursued by finance departments in national level governments. Even more importantly, effort should be put toward studying state/provincial and city level governments where much of the innovation in this regard appears to be occurring.



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Chapter 5. Sustainable Development Governance Structures in the European Union

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Introduction

The governance dimension of policies for sustainable development, and sustainable development strategies in particular, has received increasing attention during the past few years. This is probably because sustainable development:

- a. as a concept, or approach, is both soft and overarching, concerning many policy areas,
- b. "moves" all levels of policy making (local, regional, national, EU, global); and
- c. "moving towards a more sustainable development" is a process widely understood as a learning process (political in a narrow sense, societal in a wider sense), which touches upon all governance dimensions of democracies.

By governance I mean: a) all institutional aspects, *i.e.* governmental actors, the Parliament and political parties etc. (usually referred to as "polity"), as well as non-governmental actors including the private sector and, more or less, all citizens, and particularly the range of inter-actions between all these parties ("politics"); and b) all procedural aspects of a sustainable development strategy, *i.e.* the process of developing, endorsing, implementing, monitoring and reviewing (often referred to as a policy-cycle, here with a strong "politics" component), including the roles of different actors and levels in these processes.

This article looks at some key aspects of point a), namely the horizontal and vertical coordination mechanisms on the government side including the link of national strategies to the European Union sustainable development strategy, and the involvement of non-governmental actors with a particular focus on the role of sustainable development councils. It kicks off with reflections on some fundamental governance aspects and on experiences with monitoring and reviews of sustainable development strategies. It finally summarizes some of the achievements of national sustainable development strategies and councils and addresses some key future challenges. **Figure 1** shows the multi-level and multi-actor setting of sustainable development processes, with the governmental and non-governmental side that will be addressed here, including the role of sustainable development councils.

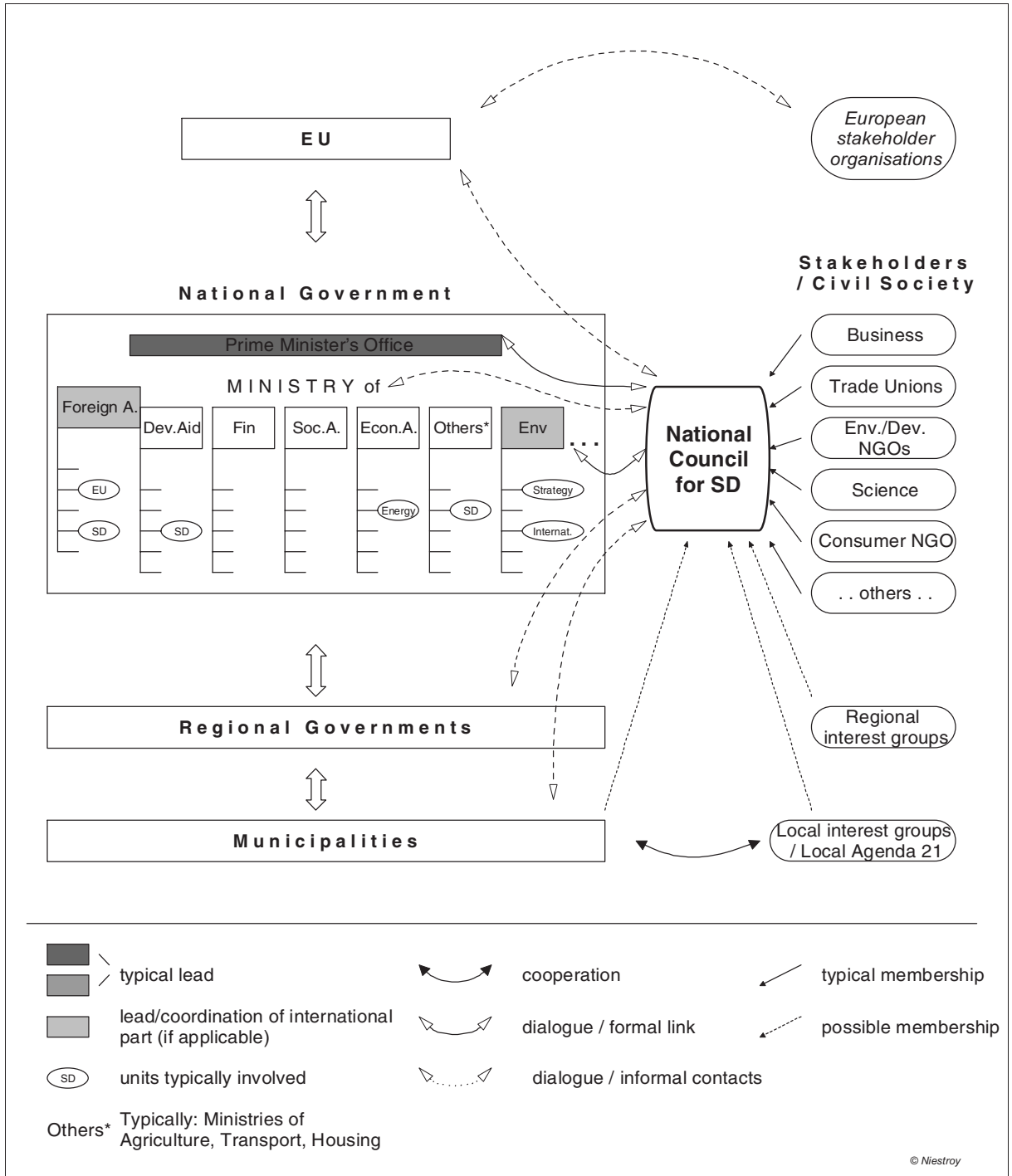
Most of the findings and conclusions in this article are based on an empirical study of nine European Union member states conducted for the EEAC Working Group on Sustainable Development (Niestroy, 2005). Participants in this study were those countries

in the European Union which then had a well-established sustainable development Council (Belgium, Finland, Germany, Ireland, Portugal, United Kingdom), plus three countries with environmental or other councils committed to the sustainable development agenda (Hungary, Netherlands, Sweden). Since then Austria and France have strengthened their sustainable development councils, and Spain has re-established its multi-stakeholder environment council.

Some underlying governance aspects

Moving towards sustainable development *is* a process, and in most countries it is characterized as a "learning" process. Such an insight in a way is already a result of "learning" that sustainable development strategies cannot be implemented like a "plan", but need flexible approaches on the government side with at the same time firm and accountable objectives. At the same time it has become clear that with its conceptual nature, sustainable development concerns all actors in democracies. It cannot be brought about solely by governments or a single Ministry. It has a deliberative component, with scrutinizing of existing policies, a "broadening of horizons", and seeking windows of opportunities, developing innovative approaches, identifying both win-win situations and true conflicts. However, there are also the inevitable aspects of muddling-through that might be frustrating, and some breath required to develop stamina again.

Figure 1. Multi-level and multi-actor relations for the preparation and implementation of national sustainable development strategies



Structural variables: what works where and why

Analyzing sustainable development processes, exploring "best practice" examples as well as obstacles and difficulties for sustainable development, requires some insight into the broader political and administrative framework of a country. Important features in this respect are, for example, the differences between majority - or competition-democracy versus consensus-style of democracy (which affects horizontal coordination in governments), centralized versus decentralized/federal structure (which affects vertical coordination), and corporatist versus pluralist background, which influences the style of interest group involvement and also the status and work-style of a sustainable development council.

In the latter there is even a more fundamental component, namely the political culture of a country regarding stakeholder involvement. Here it also seems to play a role, how long a democracy has been established (with *e.g.* Portugal and Hungary as younger democracies, and less of a tradition of participation). This aspect at the same time has an impact on the long-term perspective, with younger democracies being politically less stable and "flip-flop-effects" occurring when governments change.

Consensus-style democracies seem to be more suitable than majority-competition-styles to this kind of overarching approach and, not surprisingly, Sweden and the Netherlands have been frontrunners in environmental policies. These countries can in a way be considered as the forerunners to sustainable development, with environmental integration as one of the first steps towards sustainable development. In consensus-style democracies, one more often finds multi-party coalitions or minority governments, with the effect that agreements have to be reached with a greater number of smaller parties, which tends to have beneficial effects for the long-term dimension of sustainable development. Political commitment in content and objectives is, of course, a prerequisite or equally important as the structural component. Therefore, other structural variables may also be favourable, such as the chancellor's "guidance competence" in Germany, and one-party rule in the United Kingdom. Other constitutional settings such as the power of Ministers have *inter alia* an impact on the horizontal coordination.

The relation of the Parliament and government is also a structural variable. So far sustainable development policies in most countries have been more the results of a government initiative, and only a few Parliaments have started to take up their own role.

For the "mutual learning" and identifying good or best practice, it is useful, if not necessary, to realize key structural aspects of a country in order to better understand "what works where and why". These differences might mean that some things elsewhere do not *yet* work, or do not make sense if other arrangements or means are established that achieve the same objective (*e.g.* one country needs targets for reliability, another passes a law with strong sanctions, in another voluntary agreements work well). This means on the one hand that there is no "one size fits all", but on the other hand, stressing a different structural situation in a country could also be an excuse for not taking further action or trying new approaches. Overall it seems that some key recommendations for governance structures evolve as good practice *i.e.* should at least be considered or aimed at.

Moving towards the other end: seeking to balance

Despite the "learning" characteristic, the complex sustainable development *processes*, claiming a holistic perspective, require sufficient credibility and reliability. They need to

find a kind of balance between "poles" (extremes) of some fundamental governance dimensions.

They require both leadership and ownership, both bottom-up and top-down, both firmness and flexibility, in which the latter could be translated as "planning" and "learning". All of these poles have their pitfalls. Ownership and bottom-up must not mean "anything goes", without a vision and objectives for sustainable development, broken down into concrete measures; emphasizing bottom-up must not be an excuse for "business as usual" on the government side; flexibility and "learning" must not lead to arbitrariness, which would heavily undermine accountability. Similarly, there is a need for a new type of leadership that stands firm for accountable objectives and is at the same time open to and/or encourages "bottom-up" initiatives. It should be acknowledged that governments may have to adjust objectives, but still the challenge is to maintain them, and monitor progress against them.

Following different traditions, structural differences in the politico-administrative system as addressed above, and influences of the past and current political situation, each country has a different starting point on the line between these "poles", and it is likely recommendable to move towards the other end of the spectrum during the future process.

This happens partly by itself, and it might also be triggered by considering good practice examples from other countries. It has shown, for example, that countries skeptical regarding quantitative targets and a traditionally strong emphasis on bottom-up approaches, including to foster strategies and activities of all non-governmental actors (and *Local Agenda 21* at local level), over time have moved towards a more comprehensive government strategy including targets. The other way round, one might find a top-down approach (*i.e.* for example a strong government strategy), and civil society involvement will most likely require improvement.

The dichotomy "top-down" and "bottom-up" might also apply to the different policy levels: Usually the national/federal government is the first mover for a comprehensive strategy, and the Scandinavian countries with a tradition and support for *Local Agenda 21* is rather the exception. Relations of strategies and policies within one level of government are usually referred to as horizontal coordination, rather than top-down (comprehensive strategy) and bottom-up (individual Ministry strategies). In all EU countries the starting point of sustainable development processes on the government side is a more or less comprehensive strategy, which is in some cases underpinned by individual Ministry strategies. The Canadian case seems to be very much an exception.

What is what: sustainable development strategy or plan?

Since Agenda 21 the term sustainable development *strategies* has been commonly used for that programmatic document laying out the overarching vision, goals, objectives, policy priorities, and mostly also measures and action for sustainable development. In some countries, however, there has been ongoing debate on what a sustainable development strategy is, in contrast to, for example, a Sustainable Development *Action Plan* (*e.g.* in the Netherlands). In other cases there exists a sustainable development strategy, and in addition a plan of implementation, with the former covering the more strategic elements and the latter the measures and resources (*e.g.* in Portugal).

In Belgium the document containing the range of these aspects is called the Sustainable Development *Plan*, whereas the term *strategy* is used for the entire approach of a policy cycle with strategy, progress reports, reviews etc. Despite these differences, it

seems to be most appropriate to use the term “sustainable development strategy” as outlined in the first place. The overall approach and process is best called “sustainable development process”.

More comprehensible architecture and reviewing

Sustainable development strategies should create a transparent architecture of vision, objectives, and ideally also include quantitative targets in the prioritised, and hence most "sustainable development" relevant, policy fields (and/or beyond the "fields"). Sometimes the latter is not possible for political reasons, or the target setting is moved to individual Ministries: the sustainable development strategy and its progress reports then need to monitor this. Progress should be monitored with indicators, including a set of headline indicators, particularly for keeping some structure and overview. Agreeing on indicators (and particularly headline indicators) often seems to be a challenge in itself, but should not be postponed.

Reviews of sustainable development strategies should be as transparent as possible, but in practice many of them remain quite opaque and/or confusing due to:

- a. their complexity, in their nature as moving targets, with new priorities possibly evolving suddenly;
- b. their comprehensiveness so that a reader looking for an overview and orientation gets completely lost;
- c. gaps when certain fields are not reported on because there is no progress at all (or a reverse development), which is then politically difficult to communicate.

Similar reasons apply to the fact that only a minority of countries have a systematic link between objectives and/or targets and indicators. There are political reservations for such a clear approach, as the political day-to-day life rather likes flexibility, and committing to targets is rather difficult. Nevertheless, the utmost in clarity should be sought for.

As it can be considered as "good practice", the sustainable development strategies in the researched countries foresee a review or have already been through at least one review. Countries with such a "living" strategy usually organise the review similar to the original development of the strategy: the government develops a progress report, followed by stakeholder consultation, followed by a reviewed or new strategy document.

In some cases, stakeholders and/or the sustainable development council have conducted a separate evaluation, which became then part of the consultation process. Such a self-organisation of reviews is useful and may again create ownership. However, sometimes endorsing a sustainable development strategy is not done with a procedural attitude, but rather as a one-off exercise, and monitoring and review is not foreseen. Or, the latter is the case, but does not happen. In such cases, an external or peer review might be a helpful approach. Also, countries that have already gone through one round of internal review might find an external or peer review as a beneficial next step, because both bring in new aspects and views.

Governments: horizontal and vertical coordination

The need on the government side to (also) perform leadership requires significant adjustments in the sectorally organised public sector: the need for mechanisms for coordination and improving policy coherence must not be underestimated. Parliaments face the same problem, since Parliamentary Committees mostly follow this sectoral organisation. This also applies to vertical links with the regional and local level. Exceptions in Parliaments include the Finnish "Committee for the Future" and the UK Environmental Auditing Committee with more overarching tasks in the sustainable development perspective. The German Parliament was the first to establish a special Committee for sustainable development (outside the regular Committee system).

Lead responsibility and horizontal coordination mechanisms

With the concept of sustainable development having its origin predominantly in environmental policies, in most countries the lead responsibility for a sustainable development has been given to the Minister for Environment. This applies to those countries that started with sustainable development policies and strategies early on, such as the Netherlands, the United Kingdom and Sweden. Some other countries, such as Ireland, also chose this option. In Belgium, there is a sophisticated architecture of shared and co-operative responsibility with an inter-departmental Commission for Sustainable Development (ICDO), a Task Force for Sustainable Development (for reporting), and two cross-cutting mechanisms for improving policy development and implementation in the individual Ministries/administrations. The overall responsibility has moved from the Minister for Environment to a State Secretary for Sustainable Development under the Minister for Budget and Public Enterprise.

Germany is the only country that from the beginning placed the lead responsibility in the Chancellery (Prime Minister's office), provided coordination capacity and installed a "green cabinet", whose deliberations have been prepared by a group of state secretaries. This lead responsibility is considered to be one of the key success factors for the sustainable development strategy. Due to the relatively strong position of individual Ministers there is an underlying tendency to give up agreed objectives of the sustainable development strategy. The overarching "guidance competence" of the Chancellor has some potential to prevent that. Coordination between Ministries via the green cabinet is assessed positively, and at the working level mutual understanding has increased.

Sweden, and also Portugal provide powerful examples of a switch from a Ministry of Environment lead to a PM lead. Sweden had realized, that despite a favourable structural situation for coordination, namely relatively weak Ministers and a requirement that decisions be primarily taken in the cabinet, the commitment of Ministries other than the Ministry for Environment remained rather limited. While a coordination unit composed of civil servants from the most relevant Ministries was established in the Prime Minister's office, this initiative was changed yet again in 2005 with the merger of three concerned Ministries under a new Minister for Sustainable Development. Portugal has carried out the move of the lead responsibility, but the strategy development process stalled for different reasons. In Hungary achieving a lead by the Prime Minister is still aimed at.

Finland as an early mover regarding sustainable development in general has from the beginning given a key responsibility to the Prime Minister: chairing the Sustainable Development Council, in order to provide a direct link for all actors to the highest level, to add political weight to sustainable development policies and to increase visibility. The

model is considered successful, also reflected in the fact that it was sustained throughout several governments since 1993. On the operational level, however, the responsibility lies with the Ministry of Environment. In Finland this is generally not perceived as creating a bias: there is an overall co-operation culture among Ministries and an established “network secretariat” for sustainable development policies. Nevertheless, also here it has proven difficult to get other Ministries committed.

All in all, in countries where there is no lead at the “higher” level, it is difficult to secure the commitment of Ministries beyond the traditionally engaged Ministry for Environment. This applies to those countries characterized by a more competitive style of policy making (*e.g.* Germany, Belgium, United Kingdom), but even to a smaller degree to countries with a more cooperative style (Finland, Sweden, Ireland). Greater political weight and visibility is an advantage of a Prime Minister lead, as is the power to keep other Ministries committed, for example to objectives and targets. Countries with a lead by the Ministry for Environment have more difficulties overcoming an environmental bias, whereas in countries with a lead at the higher level sustainable development has generally become better established as an overarching issue and objective, with the Ministry for Environment (and other government bodies) remaining a strong driving force. Obstacles to achieve this “Chefsache” may include a) no interest/awareness/commitment at the “higher” level, but also b) the Ministry for Environment not wanting to give away the task.

Partly work in progress, partly already realized, it has become apparent that the sustainable development agenda is more than the sum of its parts, and that therefore better coordination of individual policies is only a starting point. For a Sustainable Development Council, a Prime Minister in the lead is also favourable, as in such a situation it is also linked to the highest level, which endows greater authority to its own work.

Vertical coordination (1): national – regional – local

There is no systematic link between the national and the regional or local levels in almost any country, and the national sustainable development strategy represents a framework for regional or local ones to only a very limited extent. Not surprisingly, this is a stronger issue in federal countries, such as Belgium and Germany, and “quasi-federal” ones like the United Kingdom. In Belgium, there is a federal sustainable development strategy and some attempts have been taken towards a national one (*i.e.* comprising the federal and the regional levels). In Germany, this specific distinction of “federal” and “national” is not made: the German “national” strategy is *de facto* a federal one. During the past two years, activities have started towards some coordination of the federal and regional level.

Other countries typically have a regional level of government administration, but only in Sweden has this been involved in the preparation of the national sustainable development strategy. Sweden and Finland are the two countries that place great emphasis on the regional, and especially the local level, an emphasis consistent with their overall “bottom-up” approach. In Finland this is represented to the greatest extent, and around 80% of the municipalities have *Local Agenda 21* processes installed. Also in Sweden *Local Agenda 21* processes have traditionally been supported and fostered, including a significant government grant in the 1990s, which was considered very successful. The preparation of the national sustainable development strategy though was more government centered. In both countries, the bottom-up approach also reflected a generally high extent of stakeholder involvement. *Local Agenda 21* processes are also

significantly present in the United Kingdom and Germany, but in both countries the link to the national sustainable development strategy is considered to be deficient.

In the Netherlands, there are still several municipalities and provinces, which have been quite committed to environmental policies, but for the association of local authorities sustainable development is not considered as a priority issue anymore. This picture reflects the relatively weak commitment to a sustainable development strategy and policies in the Netherlands. Things might change now, as the Netherlands is the first member state that took up the suggestion in the new EU sustainable development strategy to conduct a peer review of its sustainable development strategy (called sustainable development action plan), with so far Germany and Finland as peer countries.

Both in Hungary and in Portugal there are almost no *Local Agenda 21* initiatives. Both countries are also rather centralized. In Portugal, the regional level, except for the autonomous regions, plays a very small role, and there are significant tensions between the central government and municipalities regarding budget distribution, with effects that cause unsustainable trends (for example, the building tax as the sole income of municipalities).

Vertical coordination (2): national – EU

Up to the revision of the European Union (EU) sustainable development strategy in 2006, the links of national strategies and the EU sustainable development strategy have been very loose, or rather, these levels have tended to ignore each other (the main exception is Belgium). The European Commission had not looked into national sustainable development strategies when preparing the proposal for Gothenburg, and the survey of national sustainable development strategies performed in the beginning of 2004 led to an overview, which falls a bit short in its degree of verification.

Equally, national governments and other actors have so far focused on the national dimension, partly due to the fact that most national sustainable development strategies were prepared earlier than the EU sustainable development strategy. But even in the more recent reviews of national sustainable development strategies, the EU strategy was at most just mentioned.

Reasons include a perceived need to concentrate on national matters first, as a way of self-finding, *i.e.* reflecting on an appropriate approach for sustainable development policies and eventually channeling this into a strategy with a vision, priority fields, objectives and measures. Most countries express this view; to a lesser extent it is also pointed out that the EU sustainable development strategy is not legally binding, in contrast to (environmental) legislation. But there are also, perhaps to a significant degree, soft factors influencing a general attitude towards European integration, which are then reflected in how programmatic policies and strategies are dealt with.

In general, Europe is often characterized as "far away". EU policies are perceived as alien, remote and abstract, and the decision-making processes as complicated, lacking transparency and/or democratic legitimacy. In cases when EU policies have overarching claims (*e.g.* Lisbon, Cardiff, EU sustainable development strategy), it is often not trusted that those claims can be taken as real. In many countries it is stated that there is a cultural gap on the national side between civil servants responsible for EU matters ("coffee parties", abstract "EU terminology") and others. Countries that did not yet have a national sustainable development strategy by 2001 were triggered to prepare one by the commitment of the Gothenburg summit that all member states should prepare a

sustainable development strategy for the World Summit on Sustainable Development and not by the fact that an EU sustainable development strategy had been endorsed. Hence the EU has not been a primary driving force for national sustainable development policies.

The low degree of consideration of the EU sustainable development strategy in national sustainable development strategies and policies is in a way understandable from the member states' point of view: there seems to be a natural desire for a kind of identification process, *i.e.* to realize what sustainable development might mean – in general and for the country. This reflects a “learning” attitude that should be welcomed, and is also a necessary starting point for ownership. It seems to occur like that in all countries that get a sustainable development strategy/process going, and only later the EU sustainable development strategy might be considered.

For orientation in the beginning, countries rather consider other member state strategies, or work from international organisations like the OECD and the UNCSD, than the EU sustainable development strategy. This could, on the one hand, mean that the EU is predominantly perceived as a legislator, and that the open method of coordination as soft approach is not taken up seriously. On the other hand, EU Green or White Papers (*e.g.* on governance, which is similarly a “fussy” issue) sometimes get more attention than the EU sustainable development strategy. The EU sustainable development strategy also tends to be perceived as a “stand-alone” issue due to its low degree of integration with other policies, and it is not perceived as a policy driver within the Commission, as officials are not committed to it. For both reasons member states are not triggered to consider it. It is most likely, however, that the stronger variable is the overall attitude towards the EU. If this attitude is reserved or skeptical, EU legislation becomes a “must” and the rest gets neglected; if the attitude is overall positive, and the EU is considered as having a positive impact for the country, EU policies in their totality get more attention.

After a phase of national self-orientation countries with a “living” strategy started to acknowledge the need for better linking the national sustainable development strategy to the EU strategy. Requests for EU action in key sustainable development policy fields reflect that national maneuvering space is small. Countries have started to work on improving the links in various ways. For the strategies themselves, conditional targets, such as those initiated in Belgium and Germany, might be an interesting instrument.

On the other hand, it is less comprehensible why the EU sustainable development strategy did not consider national sustainable development strategies when it was developed in 2001. For the 2004 review, the Commission conducted a survey of national sustainable development strategies, which however looks like a last minute action, given the methodological approach, and therefore allowed only limited conclusions. In terms of attitude, national governments have shifted towards more “learning”, the Agenda 21 approach of capacity building, ownership and civil society engagement on all levels, than the EU level. The EU sustainable development strategy review process was then stretched until autumn 2005, which provided for more time and opportunities for national experiences to be considered in this revision.

This has not yet been done systematically, but both the proposals of the Commission and the new EU sustainable development strategy create a framework for doing so in the future. A monitoring and review system is outlined that provides for better linking the EU and national levels. Also, two networks of member states actors that co-operate on European policy making had functions allocated in this context: the network of government officials working on sustainable development (ESDN) and the network of independent advisory councils for environment and sustainable development (EEAC).

Fostering ownership and involvement

Involvement of non-governmental actors

Since the endorsement of Agenda 21 for sustainable development policies, and in "modern" democracies in general, the involvement of non-governmental actors, referred to as "stakeholders" and/or "civil society", has increasingly been considered as important for creating ownership and thus improving the implementation of policies and strategies, including sustainable developments. The difference of the terms and their use are not fully clear, but the former often has more the notion of an interest or lobby group (typically well-organised and considered as powerful, which includes the traditional stakeholders of the social partners), whereas the latter rather refers to a grassroots type of movement (which might also become a well-organised lobby group) and/or interest outside the socio-economic sphere. The Commission's Green paper for transparency apparently does not differ along these lines and uses "stakeholder" in a broad sense.

Similar to other policy-making or programme development, a key role of non-governmental actors in sustainable development processes is to bring in knowledge and express views in consultations. To a greater extent than other areas sustainable development strategies also emphasize ownership, and herewith the action part, and encourage all societal groups to become active "for sustainable development".

Whether and how consultation takes place or works depends on:

- a. the attitude of government towards stakeholder involvement/consultation,
- b. the degree to which civil society is organised (which might also mean the potential for mobilisation, without citizens being formally "organised"),
- c. the degree of corporatist tradition of a country, *i.e.* how strongly the social-economic partnerships are organised and influential.

All three aspects often are interdependent. For example, a strong corporatist tradition might hamper other civil society organisations from becoming established and heard; the more and/or longer civil society is organised, the more governments are open for dialogue.

Governments' attitude towards stakeholder consultation and/or involvement ranges from a fairly "closed shop", which also causes deficient information flow, to a situation where stakeholder consultation is common practice, and conducted on a regular basis with different styles and means. The former applies for example to Portugal and Hungary, but it is a positive indicator that, in both countries, the government established an independent stakeholder council as a means of improving the link to non-governmental actors. Hungary (and Slovenia) with this is distinct from the other new member states, which have no (sustainable development) council or a government-led and -dominated one.

In the other countries the governments' attitude is – at least at present – rather open, including towards "younger" types of civil society organisations. The Scandinavian countries and the UK lead the range, with the former having a strong bottom-up approach to policy-making, and the UK and Finland with a strong tradition of self-organisation of society. In Sweden there is a system of numerous committees for selected policy questions, composed of government/parliament and non-governmental actors, which is even called the "core of Swedish politics". Belgium, Ireland and the Netherlands have a

corporatist tradition, which is also reflected in institutionalized social partnerships (in the form of a social-economic council), a tradition which has caused some difficulties in involving other civil society organisations in sustainable development policies in the former two countries, which then typically takes some time to overcome. Germany is also typically characterized as corporatist, but the strong development of other civil society organisations since the 1970s has meanwhile led to more pluralism and broader consultation. The latter also applies to Belgium and the Netherlands.

Overall, the degree of stakeholder involvement – and on the societal side of taking "own" action – also reflects how much the attitude towards sustainable development strategies lies at the state-centered end of the spectrum, or at the ownership end. Finland has the strongest emphasis on the bottom-up approach as key for creating ownership, followed by Sweden, where the local level is considered to be very important, and a government initiative for funding local sustainable development projects is assessed as being a key success factor. In contrast, Portugal and Hungary have a rather state-centered political culture. The other countries lie in between.

Corporate Social Responsibility

Besides the *Local Agenda 21* initiatives and activities of NGOs, the most important other framework for sustainable development on the non-governmental side is the Corporate Social Responsibility (CSR) approach of the business sector.

Where it plays a role, the concept of CSR is considered as implementing sustainable development in a company, with a focus on either the social (and global) dimension (Belgium), or on environmental sustainability (Finland), or a combination of both (Germany). In the UK, there is a long history of engaging business in sustainable development, including advising small firms on environmental issues; more recently the focus has broadened to include social issues (the "triple bottom line").

CSR is most prevalent in Finland and Germany, and partly the Netherlands, followed by Sweden, Belgium, and in Ireland it is evolving. In Portugal the concept is only taken up in some exceptional cases, and in Hungary it does not play a role. In each country it tends to be individual companies that are committed, and almost only the larger ones. Among those there are front-running multi-nationals such as in the Netherlands, where also the finance sector is very active. Finland and Germany were the only countries in which the Industry/Employers' Federation committed to CSR.

In CSR initiatives all dimensions of sustainable development should be adequately incorporated. Sometimes the focus seems to lie too much on the social dimension (including for example "good corporate governance"), as the term CSR suggests.

Although many countries have realized that stimulating civil society, interest groups and the private sector is one key success factor for sustainable development, efforts still need to be intensified. It is also recommended to experiment with new ways and means for stimulating involvement. Best practice examples can be found in Germany and the United Kingdom. In countries with a low degree of self-organisation of civil society, some government support for such initiatives, and improving information flow to existing organisations, would be desirable.

Sustainable development councils

Stimulated by Agenda 21, sustainable development councils have since then been created by national governments with the purpose of fostering dialogue for sustainable development among stakeholders, and between stakeholders and government, as well as monitoring progress, giving policy advice and encouraging initiatives in society. Their establishment was sometimes strongly connected to a decision for developing a sustainable development strategy (*e.g.* Germany and UK), and in other cases it took place along the way (*e.g.* Finland, Belgium, Ireland, Portugal).

In addition to the eight national sustainable development councils in EU member states which currently exist, there are some regional ones (*e.g.* Catalonia), as well as some councils for environment policy and/or research, which have broadened their scope to include the sustainable development agenda. Their compositions range from a variety of experts in scientific and other areas to the multi-stakeholder type (Hungary and Flanders for example), as is common for sustainable development councils. This means that neither on the range of remits (environmental policy – sustainable development) nor on the composition there are clear lines to draw. The differences in "internal governance" have a) historical roots and are b) again due to different political traditions of countries:

- a. Environmental policy was more or less the mother of sustainable development. Some countries in the 1970s established an environmental council, mostly as an expert council, which usually continued to exist also after sustainable development as concept/approach came up after Rio (for example Sweden, UK, Germany, Netherlands). These (expert) councils also put environmental topics in the context of sustainable development, *e.g.* governance for sustainable development etc. A favourable situation occurred in Germany and UK, which both established a multi-stakeholder sustainable development council in addition to an expert environment council (similar in Austria). Other countries in the 1990s created an expert/stakeholder body for sustainable development (*e.g.* Irish Comhar), or for environment and sustainable development (*e.g.* Portuguese CNADS), or in one case an expert council for global environmental change (Germany: WBGU).
- b. Corporatist countries created multi-stakeholder environment councils, whose remits were later widened to cover also sustainable development (*e.g.* Belgium/Wallonia).

All advisory councils have in common a rather unique position of being established by governments, but being independent in their deliberations. With this they provide a potential for bridging the often perceived gap between government and non-governmental actors, as well as between science and policy-making, and for communicating collective views and knowledge of civil society to the government.

There is some overlap in the roles, functions and work styles of advisory councils (**Table 1**). Sustainable development councils in particular are meant to provide a link between government and stakeholders, foster dialogue of stakeholders "among one another", operate with, or develop a deliberative style, and increase the visibility of the sustainable development concept. Within this think-tank format members are typically asked to act on the basis of their expertise and stakeholder background, and not to negotiate for the positions of their home organisations. The Belgian FRDO-CFDD has the most representational character, and has moved over time from a negotiating to a more deliberative style.

In contrast to this, the Finnish FNCSD as a government-led council is a platform for dialogue between government and stakeholders, and provides an opportunity for stakeholders to directly address the Prime Minister and other key Ministers. In the case of the other councils, this dialogue with government mainly comes in addition to the council's regular work, *i.e.* it first develops collective advice or recommendations and then discusses with government. In the Finnish case, stakeholders act as representatives of their own organisation, and the dialogue among stakeholders takes place as side effect, if at all. The expert type of environmental councils shares several of the more advisory functions of sustainable development or other stakeholder councils, but does not have the tasks regarding stakeholder dialogue.

Table 1. General functions of advisory councils

Function	applies to		
	Multi-stakeholder councils	Expert councils	Government-led councils
Advisory board to the government, - from a viewpoint of civil society - from an expert viewpoint	X (X)	(X) X	(X)
Prompter/watchdog for the holistic/integrated and long-term view	O	X	(X)
Think-tank	O	X	
Stakeholder/expert dialogue "among each other", including aimed consensus building among members	X		
Stakeholder members to introduce the views into their organisations	X		(X)
Agenda setting and tackling difficult policy issues, opinion forming, agreements if possible	X	(X) [no explicit stakeholder agreements]	(X) [no stakeholder agreements]
Fostering societal dialogue on sustainable development policies by addressing multipliers	X	(X)	X
Encouraging and stimulating good practice	X	(X)	X

X applies

(X) applies to a lesser extent / variable has changed / variable is not so significant

No X the opposite tends to apply

O Does not apply, or to a small extent only, to councils in countries with a corporatist background, where, for example, the think-tank function plays a smaller role and a negotiating style prevails, at least for a transition phase.

Sustainable development councils are well-acknowledged “watchdogs” for sustainable development policies and processes, their governance aspects, and the holistic view in general, *i.e.* they speak up and make proposals. These councils are valuable breeding grounds for innovative approaches and solutions, deriving from independent stakeholder dialogue among the members. The UK Sustainable Development Commission with the last sustainable development strategy review got an exceptionally strong watchdog role for monitoring process and implementation in individual Departments. It will be seen which experiences are made with this new role.

Experience and analysis suggest that the independent, deliberative type of a sustainable development council is preferable to a representational one. The former is more supportive for opening minds and horizons, as a prerequisite for innovation. Countries characterized by a rather corporatist style, and herewith a certain established power of trade unions and employers (often in an institutionalized setting of a socio-economic council) may face difficulties in the relationship between these traditional stakeholders and "other" civil society organisations. This also affects a (new) sustainable development council, and hence needs to be addressed. The experiences in Belgium might be useful for other countries.

A government-led council seems only appropriate in Scandinavian countries, where there has traditionally been a closer relationship between government and non-governmental actors with an open style of communication. In other countries, which have also chosen this form of organisation, it is likely that governments do not want to relinquish control. This tends to apply to (sustainable development) councils in the new member states, if they exist, except the Hungarian Environment Council OKT and the Slovenian CEPRS. These "councils" also tend to be not only government-led, but dominantly made up of government members plus some NGO participation, which might at best have the characteristic of the Finnish model as a dialogue platform for government and non-governmental actors. However, it may be a starting point for improving stakeholder involvement. At present there is a "Government Council for Sustainable Development" in the Czech and Slovak Republics, a government-led with mixed composition sustainable development council in Malta, whereas in other new member states such as the Baltic States, similar bodies have only existed for a short period of time, around the preparation of the WSSD in 2002.

Well-established, sustainable development councils are typically valued both by government and stakeholders and have a record of accomplishments, including achievements in selected policy fields. They have contributed significantly to better communication of sustainable development policies into society - through their members, who carry the debate and results into their organisations, and through innovative actions in encouraging all kinds of societal groups for sustainable development. Not surprisingly, the political authority of a council, and hence also its potential for reaching significant actors, appears to be greater if the council is linked to the "highest level". This applies to the greatest extent to the German Sustainable Development Council (RNE).

Establishing a council can be taken as commitment of a government both for the sustainable development agenda and for civil society involvement. The new EU sustainable development strategy of 2006 therefore calls upon member states to consider strengthening or, where they do not yet exist, setting up independent advisory councils for sustainable development and attributes to them the tasks and capacity to

- a. stimulate informed debate;

- b. assist in the preparation of national sustainable development strategies and/or contribute to national and EU progress reviews;
- c. increase the involvement of civil society; and
- d. contribute to better linking different policies and policy levels, also by using the EEAC network.

Conclusions and challenges

Sustainable development strategies

Overall, sustainable development strategies are not considered as a key driving force behind policy advancements, but having one "helps": to take action (Belgium), as a reference point to improve sectoral policies (Germany), to keep the issue on the agenda for a long time (Finland), to move towards a more overarching approach (Sweden), or to increase policy coherence (UK). In Finland, Ireland and the Netherlands (and to some degree Belgium) the sustainable development strategy is, compared to others, primarily a compilation of policies that had already existed, with Belgium and Finland having made more progress in developing an overarching approach. Preparing a sustainable development strategy and both providing or improving the governance framework (coordination within government, stakeholder involvement), and reflecting on policy priorities and the long-term perspective are each a success in itself in Hungary and Portugal.

In most countries, and particularly emphasized in Belgium, Ireland and the UK, the sustainable development strategy receives credits for having *increased an understanding* of the concept in the consciousness of decision-makers and other actors, and has created a common language.

Inter-ministerial (horizontal) coordination is assessed positively in all countries that already have a sustainable development strategy, and hence some coordination mechanism in place (Belgium, Germany, Finland, Ireland, Sweden and UK), and is regarded as deficient in the Netherlands, Hungary and Portugal. At the same time it is always seen as difficult to secure the commitment of other Ministries. In the UK some progress has been made with the instrument of departmental sustainable development strategies (even though only a few have actually followed this before the sustainable development review 2005), and new public bodies have to include sustainable development in their statutes and activities.

In Belgium the sustainable development strategy has increased the overall willingness to discuss, and the new inter-departmental arrangements might further improve commitments. In Germany the lead responsibility of the chancellery, and also the reporting system, is clearly considered to be the key success factor in this respect, and both Portugal and Sweden have similarly opted for this mechanism. The later change in Sweden, to merge three Ministries under a Minister for sustainable development, has not been assessed yet. In general, it is difficult to give responsibility for an overarching field to a Ministry that is not a *primus inter pares* or in a higher position. In Finland, the PM's general responsibility for sustainable development policies is overall assessed positively, because this increases visibility and political authority.

Regarding the “planning” versus “learning” attitude the conclusion seems to be fairly simple: the most preferable way lies somewhere in the middle, depending on the culture of each country. A powerful example is Finland, which considered its strong bottom-up approach with its emphasis on ownership to be very successful, but then started to find it useful to creating a better architecture of objectives and setting quantitative targets. At the other end of the spectrum, Portugal and Hungary, who are characterized by the probably most top-down approach, are also rather weak in stakeholder consultation.

Germany experienced an eight-year phase of (parliamentary) debate, which mainly covered theoretic thinking on concepts and approaches. The federal government has then been trying to introduce a more action-based attitude and the sustainable development council has worked on making sustainable development more concrete with an increase in pilot projects. Setting national targets was also expressed as rather difficult (or: more difficult than elsewhere) in Belgium, Ireland, and also in the Netherlands. On the other hand, the UK is the country with the longest experience with an objective-indicator/headline-indicator approach, and has reported progress several times. Germany has followed this path, and Sweden has up to now established a solid system of environmental and health objectives, though the link to indicators is not fully finalized.

Particular failures in the sphere of *governance* cannot be detected, but not surprisingly things move fairly slowly as in public administration and in political culture in general, unless a (new) government is significantly committed and takes serious measures for this aspect of sustainable development policies. Hungary is still mostly lagging behind, with a new (approximately third) attempt for preparing a sustainable development strategy in 2005 not carried out. Portugal failed in 2002, but produced a new draft in July 2004, which was first meant to be adopted end of that year, then postponed to 2005 (partly due to changes in government in 2004), and finally succeeded in 2006.

Belgium considers its achievements in creating an institutional framework and public participation to be successful, whereas the results in (inter) sectoral policies and, for example, the use of economic instruments was considered rather weak. In Germany, successes of the sustainable development strategy have been the establishment of a monitoring system, the initiation of pilot sustainable development-projects with greater visibility and the inclusion of non-environmental issues such as demographic change on the agenda. Having a sustainable development strategy might have also been helpful for continuation after a change of government in 2005.

Ireland considers the establishment of an "environmental network" of government departments as successful in bringing about greater coherence and better integration of environmental considerations into sectoral policies such as energy, agriculture and marine. Similarly, in Finland better environmental integration is regarded as a success of the sustainable development strategy, as is the approach according to which stakeholder groups were asked to prepare their own sustainable development strategies parallel to the government sustainable development strategy process, an approach which has led to better/accelerated strategic thinking on sustainable development. Also in Sweden the bottom-up approach of fostering *Local Agenda 21*, and the political commitment of the PM comprise successes of the early phases, which have more or less continued over time; they are though not based on the sustainable development strategy. It remains to be seen what impact recent government changes will have on the sustainable development agenda.

Sustainable development councils

Sustainable development councils in general have supported and fostered the governance dimensions of sustainable development processes. They have been drivers for better government coordination and stakeholder participation (*e.g.* Germany, Belgium, Finland, Ireland, to some extent in Portugal, in the UK in the area of vertical coordination), agenda and/or target setting (*e.g.* Germany, UK, Sweden) and sometimes achieved unexpected agreements among stakeholders. A prominent example is an agreement on coal policies in Germany and on nuclear energy in the UK, and similar ones in Ireland on carbon taxation and rural housing, as well as an agreement on ‘principles for sustainable development’. The Irish Comhar has also played a pro-active role in the new Biodiversity Forum.

The German Sustainable Development Council furthermore drew attention for a recommendation on land consumption, and also successfully conducted a dialogue process on sustainability and society; these two elements were included in the sustainable development strategy review, which is also the first time that a federal government policy paper takes up civil society contributions. The revised sustainable development strategy included a target for land consumption, which triggered action at all levels. Similar attention was given to the "sustainable shopping bag" and a project for triggering reflection on sustainable development policies in Brazil, Russia, India, China and South Africa (BRICS+G).

The Finnish Sustainable Development Council has highlighted that its existence has provided continuity in keeping sustainable development on the government agenda for a long time and taking up politically difficult issues, like long-term objectives for climate change and ecological tax reform; a sustainable development approach has therefore started to become a part of "every day life".

The Swedish MVB and the Dutch RMNO have been successful in bridging the gap between science and both the government and practitioners; the MVB also conducted dialogue with business leaders, which resulted in voluntary agreements with government in three business sectors. The RMNO as a "boundary" organisation between science, policy and society raises "knowledge" questions and with this sets the agenda for many cross-cutting topics (recent examples: tourism, cost-benefit analysis). It is also asked by the Dutch government to organise the sustainable development strategy peer review as "acting sustainable development council".

The UK Sustainable Development Commission regards its commitment to food and farming policy to be successful, as well as its influence on energy policy. Moreover, it has put energy efficiency for buildings as well as sustainable consumption on the policy agenda, and is now jointly running a round table to develop more specific proposals (as similarly in Finland where a new commission has been established, and Germany with the shopping bag). It also published an influential work on "redefining prosperity".

The Belgian Sustainable Development Council considers its achievements in the governance dimension to be most significant (internal and domestic, including multi-level governance and work on a national – not federal – sustainable development strategy). Highlights in policy fields include an advice on fiscal instruments for climate change, contributions to the 2nd sustainable development strategy 2004 and the EU sustainable development strategy review in 2005.

The Portuguese Council CNADS has tackled "hot" topics in Portugal including hazardous waste, GMOs, spatial planning and coastal zone management. For the

Hungarian OKT it has been a challenge to contribute with its existence and advice to changes in "mentality" and approach of the institutional system regarding environmental policy and sustainable development. It has stimulated debate with a wider range of stakeholders through its project "possibilities for sustainable development", has achieved to get involved in earlier phases of decision-making and is qua own "internal" governance an interesting role-model for sustainable development councils elsewhere.

The co-operation of all European sustainable development councils in the EEAC network has achieved mutual learning. Good practices are exchanged, insight deepened, and the lines have fruitfully grown together when it comes to *e.g.* peer reviews (the Netherlands with Germany and Finland as peers).

Some improvement potentials

The overall picture reveals that the governance dimension is of utmost importance for sustainable development processes. In all countries there is potential for improvement in the relevant aspects of governance, and also in policy fields. Nevertheless, some patterns can be identified, which depend on the starting point of an individual country and the aspects which have so far been focused on. This might mean *e.g.* filling in gaps (in content), shifting the focus from architecture to action or vice versa, revising priority fields and/or introducing a systematic monitoring system, including, for example, agreeing on objectives and targets, moving towards a balance of "planning" and "learning".

Some of the following key aspects are complementary, often according to the spectra leadership – ownership and top-down – bottom-up, as introduced further above. The sustainable development strategy reviews 2005/2006 in Germany, UK and Finland as well as the first adopted sustainable development strategy in Portugal and the results of the peer review in the Netherlands will be scrutinized on progress towards these aspects in a follow-up project.

1) Policy coherence and architecture

Focusing on policy coherence (typically with a top-down approach) tends to lead to a well designed architecture of the strategy, but risks falling short in linking the strategy with actions, *i.e.* making sustainable development more concrete (*e.g.* Germany; mixed: Belgium); whereas a focus on actions might be caused by a strong bottom-up approach (*e.g.* Finland), or by deficient priority setting and/or only compiling existing policies (*e.g.* Netherlands, partly Ireland).

2) Monitoring and review process

A top-down approach might have achieved a systematic review process with objectives and targets in place and measuring progress with indicators (UK, Germany); deficient review processes might be caused by a focus on bottom-up (*e.g.* Finland, where also reservations against target-setting have been expressed so far) or political/administrative reasons (*e.g.* Belgium, Ireland, Netherlands). The process of selecting priority fields, and particularly their revision, is in most cases not transparent. Target setting is also a challenge in most countries. In Germany quantitative targets were agreed upon in the sustainable development strategy, in the UK and Sweden they stem from previous or sectoral policies (in Sweden strong environmental quality objectives are

in place, in other fields, however, mainly not). Finland and Sweden have indicators, but they are not or only partly used.

3) Improve bottom-up approach

A strong bottom-up approach in tendency is correlated with a rather weak architecture, and vice-versa. All countries besides Finland and Sweden could improve this, with Belgium, Ireland and UK having already put more efforts in this aspect. The Netherlands and Portugal, followed by Ireland and Sweden could improve styles of stakeholder consultation; Germany has shown the most innovative and wide-spread approach (including all media), followed by UK and Belgium. Acknowledgement and ownership of the sustainable development strategy as an overarching strategy should be improved in the Netherlands and Portugal, followed by Sweden and Ireland.

4) Horizontal coordination

Horizontal coordination may be improved in all countries, but seems to be a particular challenge in Portugal and the Netherlands, and the UK to a lesser degree. A similar picture applies to the challenge of getting concerned Ministries committed, an aspect in which Germany and Sweden seem to have made most progress (and partly UK).

5) Vertical coordination

Vertical coordination within countries is most focused in Finland and Sweden (correlating with a strong bottom-up approach), but also in the UK (devolved governments) and Belgium (federal situation and division of competences between the levels as key challenge). As the EU sustainable development strategy was only explicitly considered in Belgium, and to a lesser extent in Sweden, Portugal and Ireland, there is improvement potential in most countries. It remains to be seen, how the monitoring architecture laid out in the new EU sustainable development strategy will support this.

Future challenges

Some of the recommendations made in the 2005 benchmark study of EEAC have meanwhile materialized:

1. Better linking the EU and national sustainable development strategy monitoring mechanisms: a framework is now set in the new EU sustainable development strategy;
2. Promoting the establishment of national (multi-stakeholder) sustainable development councils to operate in an independent manner, as well as strengthening cooperation in EEAC: the new EU sustainable development strategy calls on member states to consider this;
3. Provide a more systematic overview of key aspects of national sustainable development strategies. The network of sustainable development government officials (ESDN) in 2006 started to tackle this task in a "work in progress" manner, published on their website.

Some comparative research in the future will likely be useful on:

1. national targets and indicators in place, including the way they are linked and used for monitoring progress; comparing those with the proposals of Eurostat; conditional targets, as introduced in Belgium and Germany, might be an interesting instrument for other member states to better link the national and the EU dimension;
2. the relation of government programmes and sustainable development strategies, and the role of Parliaments in order to identify the potential for improving the long-term perspective;
3. the potential for improving vertical coordination and integration.

The EEAC Working Group on Sustainable Development is planning to follow-up the benchmark study, with a particular focus on what councils have been doing and can improve to increase civil society/stakeholder involvement, incl. some research on different ways how this is done and different traditions and setting (also institutional, *e.g.* the relation of "socio-economic partners and other stakeholders").

Unfortunately, the 7th Research Framework Programme does not seem to fulfill expectations of putting innovation in the framework of sustainable development, and to increase the share of social science, given the importance of the governance dimension, as well as widening the definition of "research". Also, an EEAC proposal for capacity building has so far not found resonance ("sustainable development marathon" through member states). Other starting points for this idea might evolve, such as the European Citizen's Consultation project, in which just recently three topics with strong sustainable development relevance were selected by citizens to be discussed further.

For the EU level it would still be recommendable to establish a permanent sounding board for systematically feeding ideas and actions from the national level into the EU sustainable development strategy. All in all, learning from each other within Europe, be it in networks or other constellations, will continue to require some understanding and "learning" of the underlying governance dimensions of each member state, in order to better identify "what works where and why". However, some key "good practice" seem to evolve which are worthwhile to be further, newly or again considered by member states, without imposing anything, but preserving or creating a country's ownership.

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Chapter 6. Sustainable Development Governance in Germany

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Introduction

In modern societies, any heritage is thoroughly regulated when it comes to individual legacies. However, we appear to be less aware of legacies and future burdens that affect society as a whole. Melting polar ice caps, increased global energy consumption, asymmetric poverty and welfare as well as ageing societies indicate that the consequences of our current actions have an increasingly stronger impact on the future.

In the light of these problems, it becomes clear that we obviously fail to appraise the heritage our way of life builds up for future generations, in the sense of both negative and positive impacts. One may call this a lapse of legacy. Current policies do not sufficiently feature governance instruments that help to appraise whether an overall legacy will end up as either a constraint for future options or as an opening for upcoming opportunities.

This deficit is likely to increasingly develop into a global legacy risk. Unabated climate change will require future generations to fit their life options into a carbon dogma. Raw material, the dependency on crude oil and far too less exploitation of home-made energy efficiency is still a lynch pin in the German energy supply system, and it will stay so unless sustainable development strategies make a difference. Adding to those unsustainable trends, Germany and other countries face new and unfamiliar questions in respect of demographic change. What does over consumption of space and energy mean in the long run? What does the dual process of shrinking and growth mean in terms of urban development, social welfare, infrastructure, plurality of life-work models?

The long-term predictability of demographic trends and the ever increasing scientific proof of climate change impacts are still not being used as a driver for economic and social change. Instead, the current practice in day-to-day politics is treating symptoms. Huge media pressure to succeed is placed on politics, which calls for quick solutions even when the planning interval between the problem arising and its solution requires a longer view. In this context national sustainable development strategies provide some new opportunities so cope with long standing issues.

The German sustainability strategy

Under the lead responsibility of the Federal Chancellery, the German national sustainable development strategy was first issued in 2002. It addresses actions towards sustainability taken by all federal ministers. The strategy introduces quantitative indicators and objectives as new policy tools. As part of the process of drafting, the

strategy received advice from numerous stakeholders. In Germany's federalist state structure, it ties in with measures taken by the *Länder* and the local authorities respectively, and stimulates, but does not replace them.

As a progress report, a first monitoring review was conducted in 2004. Due to an early end of the legislative period in 2005 and the re-election in September 2005, the Federal Cabinet passed a second political state-of-the-art paper in August 2005. The newly formed German Government continues the strategy and will issue monitoring and review reports on the Sustainability Strategy. Administrative work preparing the NSDS re-launch in 2008 is on its way.

The Sustainability Strategy is geared to address concrete problems and deliver solutions. It is essential for its political credibility that the strategy is making a practical difference instead of being "only" a mere noncommittal programme. The focus themes in the German strategy are generational equality, quality of life, social cohesion and global responsibility. Long-term goals are set to enable policies to be streamlined. They are also expected to enable the market to produce new business lines and lead markets. Examples are innovative solutions for biofuels and car technology, energy supply, reduction of land consumption, and family policy in the light of demographic change. As a reference policy frame, the national Sustainability Strategy offers a variety of points of contact for players from trade and industry as well as from civil society.

The Sustainability Strategy is coordinated and driven by the Federal Chancellery. This setup facilitates setting goals and measures of ecological, economic and social importance at cross-departmental level because the Sustainability Strategy goes beyond mere environmental protection. The *Green Cabinet* (Secretary of States of Ministries involved in the elaboration of the strategy: finance, environment, agriculture and consumer, building and housing, mobility, economy, social affairs, health, family, economic cooperation and development, foreign affairs, science and education, defense) is chaired by the Chief of Staff of the Chancellery (Prime Ministers Office), making sustainability a "matter of top priority". This can not avert the usual unproductive inter-departmental disputes, but it is a valuable tool to streamline policies and to reduce unproductive gridlocks.

Involving stakeholders

Along with the decision to develop the Sustainability Strategy, the Federal Chancellor appointed an independent high level advisory board, the *German Council for Sustainable Development*, in 2001. The Council is an independent stakeholder body bringing together representatives from industry, ecological non-governmental organisations (NGOs), consumer organisations, development NGOs, the churches, trade unions, academia, and the media. The Council acts as a public sounding board providing political advice on the preparation and implementation of the national strategy, stimulating an informed debate, and by increasing the involvement of civil society and the private sector. It also plays some role in linking different policy levels.

Adding to this, the Council has been assigned the task to communicate sustainable development to the public. For this purpose, *inter alia*, the Council introduced a regular annual public meeting with around 1 000 participants that provides a political forum for exchange as well as discussion on sustainable development policies. The Council also assists the development of qualitative and quantitative goals and of indicators covering a wide array of concerns such as the issues of the role of TV-media, lifestyle, education and

culture, the future of urban quality and spatial infrastructure, energy efficiency and research, climate policies, renewables, energy efficiency, and clean coal.

Environmental protection was and still is a vital driving force for sustainability policies. The environmental organisations had originally feared that the debate about sustainability would slow down the ecological impetus. This view has since changed. Leading environmental organisations set up a sustainability project designed to underpin the relationship of environmental concerns and actions through sustainable development strategies.

Alongside overall positive estimations, stakeholder organisations both from the private sector and the non-governmental organisations have repeatedly expressed serious criticism as to the commitment, effectiveness of implementation and the visibility of the German Sustainability Strategy. The German Council for Sustainable Development, in its public statements referring to preparing, implementing and monitoring the German strategy, introduces ideas and concepts to improve performance, and the Council assumed responsibility for developing new action models. They provided new means of public participation.

For example, the *Snapshot on Sustainability and Society* is an independent contribution to the Government Progress Report 2004. The 2005 project *BRICS+G Sustainability and Growth* was collectively driven by the Council and Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ). It offered a platform for exchange among experts from government, the economy and civil society of Brazil, Russia, India, China and South Africa (BRICS-Countries) and Germany about sustainability and growth. In 2006, the Council finalized a study on the issues of *The Bottom Line* about generational accounting.

The role of Parliament

Parliament has stepped up its active role in the sustainability debate by establishing a specialized body. The *Parlamentarische Beirat sur nachhaltigen Entwicklung* addresses specific topics, accompanies the government's work on the national Sustainability Strategy and the implementation of both its content and the process, and it also sets its own focal points. In a detailed statement of 2005, the Parliament put on record that, while the current discussions taking place within the German government and the opposition on the issue of reform aim at making society viable for the future, in terms of communicativeness and strategy, they all too seldom are held under the banner of "sustainable development". Opportunities are wasted as a result.

Key tools for delivery

The German strategy conceives its core as twofold – project and process. Projects involve people and deliver results, whereas a process with regular updates and periods of rethinking the issues allows for reserving the necessary space to create a publicly visible community of "people who care". Complexity, comprehensiveness, technical and political assessment of sustainable development strategies can best be accomplished when monitoring is conceived as a public political landmark with high visibility and focus. A sound monitoring procedure may create and increase reliability and ownership. In sustainability policies, however, primacy lies with action not with monitoring action.

A strong political commitment to measurable objectives and indicators puts the focus on the quality of the management process which is most important. However, indicators tend to reduce the concept of management to a unidimensional and linear perception of reality which, of course, is not true. Indicators tend to be strong in interpreting the past and weak in showing future changes and transitional upheaval. The societal stocktaking is as important as the statistical footwork. Qualitative societal stocktaking requires new methods and tools, and it is to some extent experimental. Impact assessment can be a valuable tool if it is conducted well and not seen as serving short term business-as-usual interests.

Credibility and the creation of ownership can be improved by external quality assurance and/or peer audit routines. Communication efforts, properly performed and with innovation, can improve and enlarge “ownership” and nurture a positive and creative environment.

Best practice examples demonstrate that front runner enterprises implement the idea of sustainability in innovation, product policy as well as corporate responsibility. As an indication for how important new ways of corporate commitment are, *econsense*, the Forum on Sustainable Development of the German Economy is promoting corporate solutions. The financial benchmarking of sustainability is a good indication that environmental and sustainability aspects increasingly determine competitiveness on global markets. As an international effort driven by capital markets, it is also welcomed as a signal for growing global concern and actions being taken towards sustainability and corporate social responsibility.

The German Sustainability Strategy invites environmental and consumer organisations, churches and unions, and organisations focusing on gender aspects to take responsibility. The strategy also links up with education policy. The programme *Transfer 21* is part of the co-operation between the Federal and the Länder politics (the Länder being constitutionally responsible for education). The programme’s current objective is to integrate learning materials on sustainability into the classroom in 10% of all schools throughout Germany. The German contribution to the *UN Decade for Education for Sustainable Development* calls for new alliances and the development of best practice.

Conclusions

The national Sustainability Strategy primarily comprises obligations on the part of the German government to contribute to sustainability by virtue of policies and measures. However, it also raises issues as to problems which also ultimately require action on the part of the economy, civil society and, last but not least, the Länder and local authorities. In this respect, the Sustainability Strategy has no binding character, but attempts to convince and stimulate others into further action by highlighting common difficulties and obligations.

As regards the Local Agenda 21, actions taken on community level do not have the same political clout as in 1990 and the national Sustainability Strategy is still a somewhat unknown entity in most localities. The two-year programme “*Citizens Initiate Sustainability*” (*BIN*), is an attempt to make a first step into a long needed culture of acknowledgement. It provides seed money for local sustainable development projects initiated by civil society. It sends a useful signal that local commitment is recognized and appreciated. As of November 2006, there are about 50 projects being awarded seed money for specific action along the objectives of the Sustainability Strategy.

It is a general notion that the strategy does not fully exploit its opportunities both at national and local level. On the international level, mutual learning of how to proceed with national sustainable development strategies may deliver dialogue schemes that add value to global efforts. To address those windows of opportunity is unfinished business.

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Chapter 7. Monitoring and Reviewing National Sustainable Development Strategies

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Introduction

Various international targets have been set for National Sustainable Development Strategies (NSDS). Agenda 21 first called for all countries to develop an NSDS. Five years later, the 1997 Special Session of the UN General Assembly set a target date of 2002 for formulation and elaboration of NSDS by all countries. The Millennium Development Goals include a target to “*integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources*”. The Plan of Implementation agreed at the World Summit on Sustainable Development recommitments governments to taking action on NSDS, urging States to “*take immediate steps to make progress in the formulation and elaboration of national strategies for sustainable development and begin their implementation by 2005*”. Most recently, the renewed EU Sustainable Development Strategy urges that Member States elaborating their first NSDS “*should complete these by June 2007*” (CEC, 2006).

None of these international edicts provides operational recommendations on developing or implementing NSDS, and only the latter includes a (brief) section on monitoring. However, work undertaken by the OECD, UNDP, UN and IIED (**Box 1**) has highlighted a large measure of consensus on the essential elements of a successful process. This consensus highlights the need for monitoring to enable learning about whether a strategy is on the right path and what successes it is achieving (OECD, 2001; UNDESA, 2002; Dalal-Clayton *et al.*, 2002).

Box 1. Comparative reviews and shared learning on NSDS

During the last 15 years, a number of overviews have compared approaches to national strategies and experiences of them (including monitoring and evaluation), either on a global basis or in particular regions or country groups. These studies have usually been based on solid engagement with practitioners through interviews and workshops and sometimes national learning processes.

The first review to establish the basic elements of good practice was a “Handbook for NSDS” prepared by Carew-Reid *et al.* (1994) drawing from experiences shared by many countries, through national reports and regional workshops, during a project led by IUCN and IIED. This work laid the ground for most subsequent work. It was built upon by the OECD DAC in its work to produce policy guidance for NSDS (OECD, 2001) which established agreed principles for NSDS, later echoed in UNDESA guidance developed following an international workshop (UNDESA, 2002). The OECD work involved a series of eight national learning exercises (country dialogues) and several international “sharing” workshops involving country teams and donors. The national experiences were gathered and compared in Dalal-Clayton *et al.* (2002) whilst the policy guidance was expanded with detailed analysis, lessons and a wealth of case materials in a sourcebook (Dalal-Clayton and Bass, 2002). The sourcebook includes chapters dedicated to analysis and approaches to monitoring and evaluation.

Two more recent reviews of NSDS experience have re-emphasized the conclusions of earlier reviews concerning key principles and good practice. In a study commissioned by the German and Canadian governments, Swanson *et al.* (2004) review recent NSDS experiences in 19 developed and developing countries in relation to strategic management aspects of NSDS including leadership, planning, implementation, monitoring and review, coordination, and participation, and set out a pragmatic toolbox for government sustainable development managers and policy-makers. The Network of European Environment and Sustainable Development Advisory Councils (EEAC) has published a review of the “state-of-the-art” of NSDS in Europe (Niestroy, 2005). This identifies the need to improve strategy monitoring and review. Another useful review is provided by Steurer and Martinussi (2004).

There have been numerous UN-organised and other workshops bringing together strategy practitioners from different countries to share each other’s experiences in applying different approaches and tools. Some are mentioned above. Other recent examples include a workshop hosted by UNDESA in October 2005 specifically on strategy monitoring approaches. The Hungarian federal government organised a workshop in April 2005 and invited officials from 12 countries to help inform a revamped NSDS process in Hungary. In 2005, GTZ also organised a similar facilitated workshop in Berlin for the five BRICS countries (Brazil, Russia, India, China and South Africa) with Germany to exchange strategy experiences. This has much in common with the peer review approach, although it is less focused and structured.

In some countries, periodic reports are prepared which review the state of progress towards sustainability, rather than the process and/or delivery of the sustainable development strategy. However, these can provide good material on the changing context, some of which may be attributable to the strategy. A prominent example is the Sustainability Outlook, produced by the Netherlands Environmental Assessment Agency

(so far, two reports, in 2004 and 2005). These are important sources of information for public debate on sustainable development. The second report (RIVM, 2005) covers:

1. four different “world views” (scenarios) on structuring the sustainability issue, and a survey of Dutch opinions on these world views;
2. sustainability indicators;
3. future trends on mobility, energy and food supply; and
4. key factors for sustainable development (technology, behaviour, population growth and governance).

Clearly, such state of play overviews provide valuable indications of the effectiveness of NSDS policies and actions, but it is unclear how they have actually been used as guides or incorporated into different monitoring approaches.

There is increasing demand from stakeholders who want to see NSDS succeeding, or at least to understand what difference they are making. Since establishing an NSDS as a new or stand-alone strategic planning process would rarely be recommended, there is also demand to understand what difference similar initiatives – that could form NSDS building blocks – have made. Such initiatives include a range of approaches that aim at improving the integration of social and environmental objectives into key development processes. Thus the DAC policy guidance on NSDS offers a definition of a strategy which could be filled by a variety of initiatives:

“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”.

In the run up to WSSD in 2002, most EU Member States developed or revised NSDS, and additional strategies or similar initiatives have been developed since then. Many other countries around the world have also made progress with developing and implementing such strategies. For many developing countries, the focus has shifted to preparing poverty reduction strategies (PRS), with donor support. But as many PRS are undergoing revision, and environmental and intergenerational dimensions are increasingly being addressed, they are seen as providing a platform for evolution to effective NSDS (although equivalence to an NSDS has not yet been addressed for any PRS). For this reason, in section 3, we examine in some detail the rationale for PRS and experience of monitoring PRS processes.

NSDS have multiple objectives and strategy activities will change over time, and so will social, economic and environmental conditions. Given circumstances of continuing change, it is now clear that effective NSDS require systematic and iterative processes. This puts monitoring, evaluation, and learning and adaptation processes at the heart of the NSDS idea. Strategy monitoring is therefore central to five basic strategic purposes:

1. Systematically tracking changes that support or hinder sustainable development.
2. Supporting common learning.
3. Providing strategy steering and adaptation.
4. Enabling accountability of strategy stakeholders.

5. Building confidence that effective change is possible.

To serve these purposes, monitoring is required in relation to key strategy elements: (a) the strategy process, (b) strategy content or products, (c) outcomes and (d) impacts. But monitoring everything is impossible and therefore it must be selective. We explore the different monitoring challenges in relation to these elements, suggest some criteria for evaluating the utility and effectiveness of NSDS monitoring mechanisms, and discuss a number of useful reference frameworks against which strategies can be monitored.

In addition, (e) monitoring information is of little use unless it is disseminated and acted upon, and therefore we discuss these requirements as well. We also make some observations on best practice, and key monitoring challenges where further work may be warranted. These observations are drawn from an assessment of selected examples of the main approaches to strategy monitoring, described in the following sections. In practice, these approaches tend to focus on one or more of the strategy elements (a) to (e), but rarely all of them.

Approaches to NSDS monitoring

In this section, we discuss the more prominent approaches to strategy monitoring and illustrate these with case examples.

National peer reviews

Peer review presents a powerful approach to monitoring that is increasingly being employed. It involves inviting other countries (peers) to review NSDS progress. For example, the African Peer Review Mechanism was launched by the African Union in 2003 as a voluntary self-monitoring approach – now being undertaken by 22 countries. A good example of the application of peer review to NSDS was undertaken in 2004-05 by the French Government. This set out to develop and test a simple, relatively quick, replicable, voluntary, non-judgmental, and cost-effective methodology for peer review of NSDS, using the French NSDS (*Stratégie Nationale de Développement Durable*, 2003) as a pilot case. The French process involved several steps:

1. a technical meeting to develop a methodology for testing;
2. interviews and preparation of a background report;
3. a workshop involving representatives from peer countries;
4. preparation of a final report and proposal for an improved methodology.

The workshop was attended by peers - two representatives (one from government, one from civil society) from each of four peer countries (Ghana, Mauritius, Belgium and UK). Other participants included representatives from UN DESA, the EC, the International Organisation of Francophonie, and 35 individuals from government departments/agencies and civil society in France, the latter organised by the French National Council for Sustainable Development.

The workshop involved French participants providing answers and commentary related to a set of key questions and the peer countries sharing their own experiences. The questions were set by the peers, based on a Background Report prepared independently by the International Institute for Environment and Development (IIED) based on analysis of a questionnaire and structured interviews with key actors. The questions were grouped

under four strategy elements: process, content, outcomes, and monitoring and indicators. The peers then agreed to 44 recommendations structured in the same way and grouped under “headline” recommendations (**Box 2**).

Box 2. Examples of headline recommendations made by peer review of French NSDS

Empower public servants both at senior and operational levels to champion the integration of sustainable development into their activities.

Clarify the role of the National Council for Sustainable Development, and the relationship between and respective roles of the Council and the Government.

Ensure that the NSDS is fully institutionalised so that the progress of sustainable development in France is not vulnerable to political change.

Adopt a more participatory process next time, adopting a dialogue model rather than consultation.

The external dimension of the domestic sustainable development strategy should be taken into account; including footprint issues/cross border aspects, etc.

A cross cutting approach should be used to ensure that the NSDS clearly integrates the three pillars of sustainable development. In particular, it should better integrate social issues throughout and reflect agreed EU priorities (*e.g.* ageing, poverty, health) and provide for an interface between social and environmental needs.

Ensure consistent and coherent implementation at the national level; and among national, regional and local authorities.

The next, revised strategy should facilitate implementation through establishing policy instruments to meet international goals for changing unsustainable consumption and production patterns, *e.g.*, through product standards, economic (tax reforms) and social sensitization.

Ensure effective monitoring of the progress of sustainable development which addresses the main global challenges and risks, by sharing information with stakeholders and encouraging cooperation in achieving NSDS objectives.

Participants also offered suggestions on how the peer review/shared learning methodology could be improved in the future and these have been incorporated in an updated methodology paper. This proposed approach (**Box 3**) allows a country to tailor the peer review to suit its own needs and circumstances. For example, the purpose of a review exercise might well be different in a country which is developing its first ever strategy compared to one in the process of revising its third or fourth strategy. And a country might wish to structure the methodology according to where it is in the strategy development and implementation cycle. The selected options might also depend on funding and time available.

In parallel with the French peer review process, the European Commission (DG Environment) has launched a voluntary mechanism to support mutual improvement and learning (*i.e.* peer review) to improve NSDS processes. An NSDS review guidebook has been developed, providing a step-by-step framework to structure and facilitate the exchange of experience and sharing of good practice (IIEP/SERI, 2005). The framework

is participatory and draws heavily on the basic approach tested during the French peer review process.

Box 3. Steps in peer review as proposed following the French Test Case

Step 1: Decision to undertake a peer review process

- Define the benefits of the process (particularly to convince politicians).
- Define the objectives, the needs and expectations of the focus country.
- Define the means (available/required finance, expertise and time).

Step 2: Defining and applying the methodology

Preparatory phase

- Produce draft background papers (government and body/mechanism to gather views of civil society).
- Initial meeting with invited partner countries – to agree scope, options and participants.
- Further information gathering (possibly by a neutral consultant).
- Completion of final consolidated background report.

Peer review workshop (4-5 days) – involving participants from:

- 2-4 invited partner countries (a mix of developed and developing countries). From each country: one participant from government, one from outside government.
- The focus country (key strategy actors from government and civil society and other stakeholders). These should include actors who were/are involved in managing or coordinating strategy development, inputting to the strategy or in its implementation and monitoring. Plus other representatives who can provide a balancing perspective on awareness, impacts and outcomes of the strategy.

Facilitated discussion sessions (with pairs of peer partners acting as chairs/rapporteurs) to address key questions (set by peers) organised on main NSDS elements/themes:

- The NSDS process.
- Strategy content.
- Outcomes.
- Monitoring (including indicators).
- Key successes and challenges.

Step 3: Preparing a report on the outcomes and recommendations

Step 4: Deciding how to use the outcome report, e.g.

- To benefit and improve the NSDS of the focus country.
- To influence change – in the focus country, in partner countries, and internationally

There are two key stages:

1. A *preparatory phase* to prepare a concise background report (20-30 pages) describing the administrative structures and decision-making in the country and the actual process of developing the NSDS and harnessing views on key issues and challenges;

2. *A peer review workshop*: involving participants from other countries, as well as the key people involved in developing and implementing the strategy being reviewed and representatives of stakeholders.

The workshop involves sharing of experience amongst the participating countries on a set of questions posed (by the peers), and discussion/debate to help the focus country come to conclusions (for itself) about the adequacy and performance of its NSDS. The main aim is to reach consensus on recommendations.

A peer review can be undertaken to meet different national needs which will influence the way in which countries will prefer to orient the process. Some will probably prefer a light, non-judgmental approach – based more on learning through sharing experience with peer countries. Others might have a preference for a stronger approach – so as to be challenged by judgements on performance. Others will need something in-between. Various optional “tools” are available to aid discussion and debate and for recording conclusions, for example: traffic lights system (as used in the UK to assess progress on major government targets, and the likelihood of successful delivery of major projects and programmes; and in Sweden for systematic review), and placement on “spectrums of change” – to map state of play on particular issues or questions. But the key outcomes should be agreed recommendations and a record of discussion as text.

The peer review approach has common benefits for the involved countries and generic value for the international community. It can be used (and developed further) by other countries through similar exercises, and can help countries as they seek to meet the UN target on NSDS set out in the WSSD Plan of Implementation.

Internal reviews

Internal reviews of NSDS are frequently undertaken by governments to assess progress towards delivering strategy commitments or in achieving set targets (against strategy indicators). It is usually undertaken entirely by government officials, with little or no external (beyond government) inputs and delivered in a published report.

A good example of such reviews is the annual report prepared by the UK government reporting progress towards sustainable development. These reports were instituted as part of the implementation package for the 1999 UK Sustainable Development Strategy “A Better Quality of Life”. Annual reports were produced in 2001, 2002, 2003 and 2004 (there was no report in 2005 when a new NSDS was launched). The annual reports were produced by the Sustainable Development Unit in the Department for Environment, Food and Rural Affairs (DEFRA).

The process involved the use of questionnaires (sent to all government departments and agencies) and data collection, followed by assembling the information into the report. Information on progress against indicators was gathered from a range of sources and published in a separate report. For the 2003 annual report (published in 2004), the process took about five months. It involved 6 full-time policy officials and two part-time communication/information officers, as well as requested contributions from government departments across policy areas (**Box 4**).

The last annual report (DEFRA, 2004) discusses key developments during 2003 as well as providing a stock-take and review of government action and progress since publication of the 1999 strategy. It reports on:

1. actions taken at international, European, national and devolved administration levels, to mainstream sustainable development into the policy-making process and day-to-day operational activities;
2. progress against impact indicators; towards achieving a sustainable economy; on sustainable communities; on managing the environment and resources; and on international cooperation and development.

Outcomes for 15 headline indicators are discussed in the review report – covering economic output, investment, employment, poverty & social exclusion, education, health, housing conditions, crime, climate change, air quality, road traffic, river water quality, wildlife, land use, and waste, and providing a broad overview of progress. Updates on an additional 132 core indicators were made available on the UK's sustainable development website.

Box 4. Procedural steps in producing the 2003 Annual Report on the 1999 UK Sustainable Development Strategy

Discussion of options for the general structure of the Annual Report - brainstorm between Sustainable Development Unit and statisticians over possible themes and general presentation issues.

Seek comments and agreement on proposals from Ministers.

Meeting of Steering Group (key members of the drafting team, communications staff, Head of Sustainable Development Unit, and key statisticians) to agree goals, timescales, roles and responsibilities.

Commissioned contributions from lead policy officials – from DEFRA policy areas, other government departments and the devolved administrations of Wales, Scotland and Northern Ireland. Guidance was provided setting out the expected contributions:

- key actions taken by Government since 1999, and any sustainable development context;
- what this achieved – focusing on outcomes in the real world (*e.g.* more jobs, better housing, increased biodiversity);
- outcomes supported by reference to the core indicators throughout the Strategy as well as the headline indicators;
- imminent action(s);
- internet links for further information/documents;
- where significant action was still to happen later in 2003

Letter to stakeholders concerning case studies to be included in the report.

Comment and agreement by Steering Group on draft report.

Submission of draft report to Ministers for comments and formal approval across Government.

Publication of report (on-line and hard copy), announced by a Ministerial statement in parliament.

Source: Pers. comm. Paul Rainey, DEFRA, UK.

The report uses a “Quality of Life Barometer”, with “traffic lights” showing progress on 15 headline indicators:

- Green: significant change, in direction of meeting the objective;
- Amber: no significant change;
- Red: significant change, in direction away from meeting the objective;
- White: insufficient or no comparable data.

Where a trend was unacceptable, the government committed to adjust its policies, and look to others to join it in taking action. The UK Sustainable Development Commission (SDC) commissioned consultants to help it undertake an *independent assessment* of the UK Government’s progress on sustainable development in the period 1999-2004. This also used a “traffic lights” system:

- Green (with smiling face): indicates progress in a sustainable direction;
- Red (with sad face): indicates an unsustainable trend;
- Amber (with straight face): indicates a more neutral assessment

In its third NSDS (TSO, 2005), the UK government made several commitments to strengthening strategy monitoring, including “externalizing” responsibility for reporting on progress and handing this role to the UK’s Sustainable Development Commission (**Box 5**).

Box 5. Commitments on monitoring in the 2005 UK NSDS

- All central government departments and their executive agencies will produce focused sustainable development action plans based on the strategy by December 2005 and will report on their actions by December 2006 (*e.g.* in departmental annual reports) and regularly thereafter.
- The government will monitor policy commitments and the indicator set in each of the strategy chapters.
- Government offices will report on progress at regional and sub-regional levels.
- The government will monitor and report annually on progress against the UK Framework Indicators, providing a basis for its submission to the CSD.
- The Sustainable Development Commission (SDC) will change its role from “critical friend” to act as a “watchdog” for sustainable development, reporting on progress in implementing the UK NSDS, focusing in depth on particular issues. The SDC will work with the House of Commons’ Environmental Audit Committee and the National Audit Office

In 2002, the government initiated a systematic framework to internally monitor its progress towards sustainable development on the *Government Estate* (the buildings and land it owns and manages). In 2005, the UK Government Estate exceeded 0.25 million ha, employing over 695,000 people. Buildings include law courts, laboratories, prisons, aircraft hangers and Royal Parks. This includes common, challenging targets (mainly

environmentally focused) across Government in key operational areas such as energy and waste against which Departments report annually, identifying all their significant sustainable development impacts so that they can allocate resources accordingly. This is consolidated in the annual Sustainable Development in Government (SDiG) report.

In a commentary on the 2005 SDiG report, the UK Sustainable Development Commission (SDC) uses a “traffic light” assessment of progress against the Framework targets, and a star-rating system which ranks each Department according to the number of Framework targets they have met (as a proportion of those that were due and appropriate to them) (SDC, 2005). The SDC is preparing a set of on-line resources, including a searchable database and departmental case studies, to accompany the report.

External audits

External audits are undertaken by bodies which have no direct responsibility for either developing or implementing the strategy. Such auditing can be undertaken by bodies (organisations, consultants) either from within the country or from other countries.

A good example of the former is Canada, where external audits of Departmental sustainable development strategies (there is no national-level or federal sustainable development strategy) are carried out, as a statutory requirement, by the Commissioner of the Environment and Sustainable Development (CESD), located within the Office of the Auditor General (OAG). The CESD is mandated to provide parliamentarians with objective, independent analysis and recommendations on the federal government’s efforts to protect the environment and foster sustainable development. The CESD submits an annual report on audit findings and associated recommendations to parliament each autumn.

Most major federal departments and agencies are required to prepare sustainable development strategies and update them every three years. In 2003, the CESD produced a document outlining its expectations for the third round of sustainable development strategies to be tabled in Parliament in December 2003 (**Box 6**). Its purpose was to help the sustainable development strategies become effective strategic planning documents that make a real difference to Canadians.

Box 6. The Canadian CESD expectations for departmental sustainable development strategies

- Departments and agencies would clearly indicate the role played by their sustainable development strategy and how the strategy fits with other plans and strategies within the organisation.
- The sustainable development strategies would contain a smaller number of significant and essential goals and objectives. These goals and objectives would be written in plain language and clearly express the long-term results that departments and agencies are trying to achieve.
- Targets and actions would be clearly linked to the goals and objectives.
- Targets would be clear, understandable, and measurable.
- Performance reporting would be strengthened.
- Departments and agencies would evaluate their 2001 (second) strategies and highlight the changes between their 2001 and 2003 strategies.
- Goals and objectives related to horizontal issues would be more consistent and better managed across strategies.

Twenty-five designated organisations tabled their most recent (third) set of strategies in Parliament in February 2004. For the upcoming fourth round, 31 departments and agencies are required to table strategies.

As one aspect of its auditing work, feeding into the preparation of the Commissioner's annual report to Parliament, the CESD is involved in on-going monitoring of the extent of progress by departments on selected specific commitments made in their strategies. This work is coordinated by a small team at the CESD (three people working an average of about half-time each over the year). This team examines all the tabled departmental strategies to develop a short-list of candidate commitments for auditing. The criteria for short-listing (below) reflect the OAG's approach to identifying issues of potential significance, as well as considerations specific to the commitments monitoring initiative:

1. *significance* to parliamentarians and Canadians;
2. *ability to be audited* with assigned resources (an average of 150 hours per commitment);
3. *timeliness* (the commitment is not set against a distant time target which would make it too soon to audit);
4. *potential to yield information* of value for other planned audit work;
5. *relationship to strategic priorities* in the department or at the federal level more broadly;
6. *thematic coherence*, *i.e.* related to a common theme such as climate change.

The CESD team then engages the other teams within the OAG who are responsible for auditing the departments and agencies. Together with each of these OAG “entity teams”, the specific commitment(s) to be audited that year is selected, and a detailed questionnaire is developed, tailored to the commitment. Some example of audited commitments (they vary hugely in nature and scope) include:

1. Cooperation with First Nations communities (Department of Indian and Northern Affairs);
2. Maintain and update the federal contaminated sites inventory (Treasury Board of Canada, Secretariat);
3. Enhance the capacity of Canadians, industries, and firms to develop and use eco-efficiency practices, tools and technologies, and products that contribute to increased productivity and environmental performance (Industry Canada);
4. By April 2004, increase the number of green products and suppliers available in the e-purchasing and cataloguing application (Public Works and Government Services Canada).

The questions cover issues such as: the planning undertaken to support implementation of the commitment; the action taken on it; how monitoring and assessment has been carried out; outcomes achieved; factors that have assisted or limited progress; whether and how progress has been reported to Parliament and/or other stakeholders.

The departments being audited receive an overview of the scope and plan for the audit, and the questionnaire. They must provide a response to the questionnaire, along with supporting documents. The OAG entity team then assesses the department’s response and the evidence provided and, if necessary, conducts additional audit work (*e.g.*, through on-site file reviews). Progress is assessed taking into account the complexity of the commitment and the time elapsed. A “clearance process” with the department follows to check for factual accuracy and fairness in the report.

Beyond the ongoing monitoring of progress on specific commitments, the CESD has also undertaken many broad-based studies and audits on the sustainable development strategies. One issue that has been audited relates to government-wide direction-setting for the strategies. The Commissioner has frequently noted that to bring coherence and coordination to the federal government’s “decentralized approach” of individual departmental strategies, government-wide direction is needed. In a related vein, the Commissioner has been critical of the government’s failure to meet its numerous promises to deliver a federal sustainable development strategy.

Other topics covered through the CESD’s audit work and studies can generally be grouped into three categories:

1. *quality of the strategies* themselves (the documents) – form and structure, overall strategic quality, “meaningfulness” of commitments;
2. *foundations for implementation of the strategies* – management systems put in place, accountability, performance measurement, horizontal management (coordination with other departments);
3. *performance measurement and reporting* – measurability of targets, links between objectives, targets, activities and performance measures, quality and level of detail in self-reporting.

The CESD has also published two documents for sustainable development strategy-responsible departments and agencies, providing *guidance* and *indicating expectations for the sustainable development strategies* (OAG, 1999, 2003). Finally, in addition to work related to the sustainable development strategies themselves, the CESD undertakes issue-based environmental audits. These provide policy-neutral, fact-based information, and may comment on policy implementation within the scope of an audit, but not on policy itself. In the CESD's most recent (2005) report to Parliament, the audit chapters detail urgent examples of unfinished environmental business in areas such as Canada's deteriorating oceans, the protection of biodiversity, and the safety of drinking water in First Nations communities, as well as in other areas of federal responsibility.

The audit chapters in the CESD's annual reports are prefaced by a chapter titled "The Commissioner's Perspective", which allows for a more personal, comprehensive reflection on the findings of the audit work. Some organisations have offered their own assessments of the advantages and challenges of the monitoring approaches, for which they are responsible, *e.g.* Canada's Office of the Auditor General (**Box 7**).

Box 7. Advantages and challenges of the Canadian CESD audit approach

Advantages

- Broad powers of access to the information required to undertake thorough fact-finding;
- Subject to clear requirements and procedures to maintain independence, objectivity and rigour;
- Independence also applies to selection of audit topics according to significance and risk;
- Mandated to enable the elected Parliament to keep government accountable for its sustainable development commitments;
- Audit process also engages senior levels of management within departments.

Challenges:

- A strict statutory approach, not adaptive and collaborative;
- Relies on Parliamentary interest and engagement;
- Demands a level of evidentiary rigour that sometimes makes it difficult to express important generalizations or intuitive connections;
- Must steer clear of policy critiques (*i.e.*, it must focus on how well a policy is implemented, not on how good policy is);
- Audit process can only help to the extent that departmental senior managers are committed to sustainable development strategies – this varies.
- The decentralized, disaggregated, department-by-department approach to sustainable development strategy development in Canada creates challenges for the CESD's audit work:
- Lower profile and impact, with reduced appeal for ongoing stakeholder involvement;
- Difficult to address collective significance of departmental sustainable development

strategies, (*i.e.* even if all were fully implemented, would federal government be clearly and forceful on the road to sustainable development?);

- Difficult to link action on sustainable development strategies and their commitments to actual improvements in state of environment/sustainable development?
- Difficult to engage and support innovation in public service;
- Difficult to ensure integration of sustainable development strategies with other business planning.

In the United Kingdom, the Sustainable Development Commission (SDC) has changed its role from just a “critical friend” (offering advice and advocacy) to also become an independent “watchdog”, reporting on progress in implementing the strategy and its commitments, focusing on particular issues in depth. It is proposed that each of the UK devolved administrations (Wales and Scotland) will confirm specific working practices with the SDC through memoranda of understanding and will develop frameworks for assessing progress (**Box 8**).

Box 8. “Watchdog” tasks of the UK Sustainable Development Commission

- Monitoring the effectiveness of the Accountability Framework (the combined scrutiny activity of all organisations involved in sustainable development assessment /monitoring).
- Monitoring sustainable development policy-making and proofing (risk impact assessments, public service agreements, spending reviews, budget and pre-budget reports, etc.).
- Departmental scrutiny (sustainable development action plans).
- Thematic in-depth reviews.
- On-going, cross-governmental performance appraisal (indicators, framework for sustainable development on the Government Estate, sustainable procurement, etc.).
- State of the nation progress reports.

The International Organisation of Supreme Audit Institutions (INTOSAI) works to develop and disseminate audit methodologies and guidelines and provide training. INTOSAI’s Working Group on Environmental Auditing (WGEA) assists national-level audit institutions (which have an ongoing mandate to help keep their governments’ accountable) in understanding issues related to environmental auditing. It is currently exploring experience of SAIs in auditing the implementation of WSSD commitments.

Whilst the Canadian body that audits federal departmental sustainable development strategies is independent of the government and thus external to the strategies’ “owners”, it is an agent of Parliament. In other situations, the external audit is carried out by

organisations from other countries. For example, in May 2005, the Austrian Federal Ministry of Agriculture, Forestry, Environment and Water

Management (BMLFUW) appointed an interdisciplinary group of independent experts from Germany and Austria to evaluate the implementation and impact of the Austrian NSDS (adopted in April 2002). This focused on institutions established for implementation, and tools and implementation activities, but not the strategy itself and the policy goals it defines. The requirement to undertake such an assessment was set out in the strategy with the aim to improve the strategy's impacts and institutional effectiveness. Four evaluation criteria were used: efficiency, effectiveness, transparency and appropriateness. The experts were guided by a Steering Committee and an expert group within the BMLFUW.

The evaluation was structured as a participatory process to gather an “internal” perspective through workshops with representatives from selected implementation measures, and experts from the provincial (*Länder*) governments involved, and LA21 processes. Various methods were used, *e.g.*:

1. document analysis (*e.g.* work programmes, progress reports, indicator reports) and standardised questionnaires addressed to project managers of the more than 200 activities under the Sustainable Development Strategy (to evaluate institutions and tools);
2. Questionnaires sent to the officers in charge of strategy implementation projects;
3. More than 30 on-site interviews with members of different ministries involved in the implementation process;
4. deeper analysis (through a second survey and workshop with project managers) on specific strategy mechanisms and instruments;
5. Comparisons with institutional arrangements and innovations in other OECD member states served as benchmarks for the evaluation of the strategy process.

The Steering Group has discussed the final evaluation report which includes a series of recommendations to improve the management and further implementation of the sustainable development strategy. It was submitted to BMLFUW and members of the Committee for the Sustainable Development Strategy (the main body overseeing the strategy process) in December 2005. The recommendations were discussed in 2006 with the various institutions to assist in strengthening the strategy process. The Austrian Court of Auditors has also started to examine the implementation of the Strategy by the Ministries, looking especially at budget allocations.

Parliamentary reviews

Most parliaments operate standing committees for assessing the performance of government departments, and several now have such committees focused on environment and/or sustainable development. Two examples are reviewed where such committees have monitored NSDS:

In Germany, a Parliamentary Advisory Council on sustainable development was appointed on 30 January 2004 by the German *Bundestag*. One of the tasks it assumed was to “coordinate the sustainability debate... and monitor the development and the substantive and procedural implementation of the National Sustainability Strategy as well

as setting its own priorities” (Bundestag printed paper 15/2441). The Council met approximately twice per month. It commented on the Federal Government’s 2004 progress report on the sustainable development strategy as part of a broader consultation process, but it has not monitored the strategy as such.

The Parliamentary Advisory Council had the power to initiate plenary debates in parliament. Two were held on the progress report. It has issued opinions on the sustainable development strategy and made some recommendations to government but has no direct power to force change. There were significantly different opinions amongst Council members on the strategy and the review of the progress report took much longer than anticipated. Throughout the Council’s Opinion report (German PAC, 2004) (**Box 9**), the “dissenting opinions” of different members are recorded.

Box 9. Opinion of the German Parliamentary Advisory Council on the 2004 Progress Report on the 2002 German Sustainable Development Strategy

The 25 page Opinion is a cross-party narrative report that discusses the societal, political, parliamentary and international challenges of sustainable development. It calls for bolder and more decisive action to implement the strategy and achieve the defined objectives. It identifies areas of the progress report that it supports and offers some criticisms, proposing that more consideration should be given to certain issues:

1. education for sustainable development;
2. research and innovation;
3. prevention (of health and other social problems);
4. demography and infrastructure;
5. consumer policy and lifestyles; and
6. international coordination.

Source: German PAC (2004).

When the Council turned to other issues, it had only about six months before elections were announced in May 2005, and its work effectively came to an end. The coalition treaty between the main political parties (Social Democrats and Christian Democrats – which form the current government) included a stated intention to reconstitute the Advisory Council for the new parliamentary period. A new Parliamentary Council on sustainable development was re-constituted on 2 June 2006, with 20 full members (compared to eight in the last legislative period), providing more potential for debate and negotiation.

It seems the Council had some success in raising awareness of sustainable development and influencing the sustainable development agenda, especially within parliament and urging the government to provide finances to the implement strategy commitments. It provides a basis on which to build. In a review of sustainable development strategies in selected EU member states, Niestroy (2005) comments that:

“The establishment of a new Committee [Advisory Council] for sustainable development in Parliament as an overarching mechanism seems useful in principle. It

remains to be seen how well it [the Commission] will manage to increase the cross-sectoral dimension of the standing committees and raise awareness of the issue among MPs, and whether it will become a driving-force and possibly improve the long-term perspective.

In the Netherlands, the 2003 Sustainable Development Action Programme (SDAP) commits the government to send Parliament an annual report on progress in which: “the government will discuss the specific results that have been achieved and the steps that have been taken so far with regard to all the measures and other commitments contained in the Action Programme. It will focus especially on the lessons learned, on what is possible and impossible, and on considering as many aspects of the evaluation framework as possible in the preparation and implementation of policy. It will also indicate whether new indicators are needed in response to new developments” (VROM, 2003).

Parliament discussed a first progress report with the ministers most concerned in April 2004 (only eight months after its adoption by government). The procedure allows MPs to ask questions which are answered in speeches by relevant ministers. Follow up questions can then be asked. All information on this debate is public and available on the Internet, but the discussions do not result in changes to the annual report.

The first report only covered the international component (prepared by the Ministry of Foreign Affairs) and parliament requested the next report to integrate coverage of the national and international components. The Ministry of Housing, Spatial Planning & the Environment (VROM) and the Ministry of Foreign Affairs each worked through inter-ministerial groups to prepare their report which were then “combined” by VROM to produce the second annual progress report on the SDAP (for the year 2004). This focused mainly on sustainable development processes since WSSD, indicating obstacles encountered and where progress had been slow. The Prime Minister, Minister for Development Cooperation and Minister of Environment then led a plenary parliamentary debate on sustainable development in September 2005. During this debate, the Prime Minister announced that the ministerial “Council for Spatial Planning and the Environment” will become a “Council for Spatial Planning, Sustainability and the Environment”. This will meet twice a year to discuss special issues related to sustainable development. This is seen as a better mechanism to link the sustainable development debate with policy at national and international levels.

Such parliamentary debate provides a way to observe the strategy process (actions and initiatives) but doesn’t provide any real “measures” of progress in terms of outcomes and impacts. The report to parliament discusses progress against indicators set separately for the economic, social and economic dimensions. It is hard to provide integrated indicators of sustainable development *per se*.

The preparation of the most recent report (covering 2005) was again prepared through processes involving the inter-ministerial groups of VROM and the Ministry of Foreign Affairs. This time, the Ministry of Foreign Affairs took the lead in “combining” the national and international components (the two ministries alternate in leading the final process). Within the Ministry of Foreign Affairs, the work was headed by the Special Ambassador for Sustainable Development. Different ministries provided information and a series of meetings was organised between September and December with line ministries and NGOs. The report was able to draw from a national debate on progress held on 29 November 2005 between ministers and representatives from invited organisations. The draft report was reviewed by ministers who suggested additional information to be discussed. This second report was submitted to Parliament on 22 December 2005.

The report provides a summary of progress on sustainable development, covering the relationship between the Netherlands' national and international efforts to bring about a more sustainable society in the country and elsewhere; some of the highlights relating to sustainable development in 2005 (e.g. UN Millennium Ecosystem Assessment; UN MDG Summit; parliamentary and public debates; corporate social responsibility); a more detailed account of some of the activities in Sustainable Action, to illustrate the Netherlands' efforts (e.g. partnerships; WEHAB themes (water, energy, health, agriculture and biodiversity); institutions; security and stability; trade and investment; sustainable production and consumption; sustainable development at the ministries; internal policy processes; sustainable government and public procurement); looks ahead to the main activities that the government wants to implement in 2006 – including the EU sustainable development strategy and CSD meetings; appendices provide a brief summary of all the other activities, proposals and projects described in Sustainable Action.

Budgetary reviews

In a number of countries, line departments are required to account for their work towards sustainable development in negotiating their annual budgetary allocations. For example, in the Netherlands, the 2003 Sustainable Development Action Programme requires that: *“each ministry must include a section in its budget reflecting the links between sustainable development and its own policy areas. The aim of this exercise is to increase awareness within the ministries of the need to give attention to sustainable development. The instrument will be evaluated in 2004. The Ministry of Housing, Spatial Planning and the Environment [VROM] is coordinating in this instrument”*.

In 2004, a number of ministries added such a section (usually a paragraph) with some details to their budgets: Foreign affairs; Justice; Education, Housing, Spatial Planning and the Environment; Transport, Public Works and Water Management; and Agriculture. The ministries of Social Affairs and Public Health included only general statements. The ministries of General Affairs, Defence, Internal Affairs and Finance did not add anything on sustainable development.

The Ministry of Foreign Affairs' approach was to include additional text in relevant budget articles. For example, the text on article 2 included discussion of efforts to improve “eco-security”, based on the Millennium Ecosystem Assessment target on the loss of ecosystems. The overall 2004 budget was discussed in parliament, and individual ministry budgets then considered in detail by respective committees. It does not seem that the sustainable development paragraphs were discussed specifically. In 2005 and 2006, the Ministry of Finance decided that paragraphs on sustainable development should not be included in line ministry budgets.

Sweden, Norway and a few other countries have similar green budgeting approaches which outline the potential sustainable development impacts related to public spending on proposed policies and programmes. In Norway, the Committee of State Secretaries has produced annual reports for 2003, 2004 and 2005 which have formed a chapter in the National Budget.

In the United Kingdom, as part of the 2002 Spending Review (of public bodies) led by the Treasury Department: for the first time, each Government department produced a Sustainable Development Report identifying the full social, economic and environmental implications of its work; and the Treasury, for the first time, provided detailed guidance

to departments on how to incorporate sustainable development into their work. This Guidance was made publicly available in November 2001. Each department was required to produce a detailed Sustainable Development Report, outlining the key social, economic and environmental impacts of their work.

Tanzania's Public Expenditure Review (PER) is an important part of the national planning and budgeting mechanism. Today, its central focus is to ensure the allocation and effective utilisation of financial resources from local and external sources to meet Vision 2025 and the National Strategy for Growth and Reduction of Poverty. Though the government had recognized the importance of environment as a cross cutting issue in its previous Poverty Reduction Strategy, and had developed a programme to integrate environment into the strategy, environment was not defined as a priority "sector" and received no extra investment. By focusing the revised National Strategy on outcomes (rather than assuming priority sectors), and asking all sectors to show what they could offer to achieve such outcomes, the door was open for improved environmental investment. To put some hard figures behind this potential, the Ministry of Finance called for a special Environment Sector Public Expenditure Review as part of the overall PER. This (a) established the levels, trends and distribution of environment expenditure by government and (b) assessed the level of environmental expenditure required to meet the National Strategy.

The process involved:

1. Assessing the contribution of the environmental resources to national income over several years.
2. Assessing the pricing of environmental products in relation to replacement cost.
3. Assessing environmental budgetary allocations and expenditures of Central and Local Government, and key sectors for two financial years.
4. Assessing government expenditure on capacity-building for environmental management and proposing elements for capacity-building.
5. Assessing the proportion of expenditure on environment from aid flows in relation to requirements for the implementation of multilateral/bilateral environment agreements.
6. Reviewing sector programmes/strategies and planning/budget guidelines to identify strengths, weaknesses and gaps in capturing environmental issues.

Although the review was hampered by limited access and availability of data on environmental revenue and expenditure, its findings have directly informed the National Strategy for Growth and Reduction of Poverty. They have led to routine procedures for, and already some increased environmental allocations within, the government budget.

Indicator-based and quantitative monitoring

Most countries have developed sustainable development indicator (SDI) sets to help them measure progress towards sustainable development, some as part of their NSDS process, others independently. There are numerous existing indicator frameworks and sets, varying in their sophistication and coverage. Some set hard and quantitative targets, while others are more general goals. Some of the more commonly used frameworks are

1. pressure-state-response (PSR), limited mostly to environmental issues;

2. linked human/ecosystem well-being frameworks;
3. issue- or theme-based frameworks; and
4. capital-accounting based frameworks, centred on the economic and environmental pillars of sustainable development.

Examples of international indicator sets and initiatives include the UNCSD SDI initiative, the MDG indicators, and the UN System of Integrated Environmental and Economic Accounts. As part of the process of reviewing and revising the 2001 set of CSD indicators, UNDESA hosted an expert group meeting on indicators in December 2005. In a workshop background paper reviewing key achievements, developments and the role of SDIs, Pintér *et al.* (2005) identify several emerging trends:

1. continuing interest in the development of aggregate indices (*e.g.* Human Development Index, Barometer of Sustainability, Genuine Progress Indicator);
2. interest in core sets of “headline indicators” (*e.g.* as used in the UK, Austria and Australia, and by the European Environment Agency);
3. emergence of goal-oriented or target indicators (*e.g.* MDG indicators, Norway);
4. measurement of sustainability by capital (“green”) accounting systems; and
5. making better use of indicators in performance assessment (of organisations).

Norway provides a good example of developing SD indicators as part of an NSDS process. Norway’s 2003 Action Plan for Sustainable Development was led by a Committee of State Secretaries (from different key ministries). Part 1 of the strategy was included as a chapter in the 2004 National Budget. In developing this strategy, the government focused on clear objectives and verifiability. The strategy contained a preliminary and limited set of indicators based on the work of the OECD, the EU and the Nordic Council of Ministers. These focused on quantitative targets for nationally-coordinated issues such as development cooperation, climate change and long-range air pollutants, biological diversity, and sustainable economic development. The indicators aimed to help measure progress relative to important national targets and international commitments, to be published in Annual Reports on Natural Resources and the Environment prepared by Statistics Norway.

The annual reports are sent to the Committee of State Secretaries and circulated for public comment. The stated aim is to revise the Action Plan every four years, taking into account new information and adjusting policies as needed based on indicator trends. But the new Norwegian government has already started this process and aims to publish a fully revised Plan in the 2008 National Budget (autumn 2007). The process will involve public hearings and stakeholder consultations.

In the autumn of 2003, a Commission for Indicators for Sustainable Development was appointed to continue the further development of the Norwegian SD indicators. It proposed a set of 16 core indicators related to five types of national capital: financial, real, human, natural, and environmental. This set was adopted by the government in the 2006 National Budget.

Increasingly, sustainable development indicators are being used at local level, too. For example, in 2000, the UK Audit Commission issued a handbook offering ideas for measuring sustainable development and quality of life in local communities. It provides a menu of 29 indicators, from which local authorities may wish to consider using a

selection for reporting on their Local Agendas 21 and Community Strategies. The indicators build on the extensive work already carried out at local and national levels. They were developed by a joint initiative between local and central government and tested in about 30 local authorities. The indicators are based on local versions of some of the national indicators of sustainable development, including some of the 15 “headline” indicators, and also on a number of other indicators developed by local authorities and Local Agenda 21 groups.

The literature on the use of sustainable development indicators offer some insights into the advantages and challenges associated with indicator-based monitoring (**Box 10**).

Box 10. Advantages and challenges of indicator-based monitoring

Advantages

- Based on the concept of an NSDS as a cross-sectoral, cyclical process (rather than a document), sustainable development indicators (SDIs) can play an integral role in several phases of the NSDS cycle: from the identification of strategic priorities, through planning and implementation of specific policy interventions, monitoring progress and learning from successes and failures. It is important, therefore, to couple indicator and NSDS development so they are mutually supportive. An NSDS provides an institutional framework for realising the full potential of SDIs.
- SDIs can help the design of strategies and specific interventions so that they address real priorities, take interactions between sustainability issues into account, and identify weaknesses.
- Although SDIs can be a political challenge, they help to improve accountability both in terms of specific sustainability initiatives and the success of an overall NSDS.

Challenges

- Often, SDIs are developed with a rigorous review of national statistical data collection systems, leading inevitably to major data gaps and data quality issues. There is often a lack of long-term, consistent monitoring mechanisms to supply data with adequate temporal and spatial resolution. Data collection can be costly.
- A key challenge is to ensure that SDIs are integrated into mainstream policy mechanisms, instead of being an environmental “add-on” to existing and used statistical, measurement and reporting systems.
- SDIs are still often assigned to environmental agencies without sufficient mandate, capacity and influence to ensure indicators are brought to bear on key policy decisions such as the development of government budgets, sectoral policy frameworks, or long-term and sustainable development strategies.
- There remain uncertainties and debates about what and how to measure and how to link specific indicators to time-bound targets and thresholds.
- Comparability of indicator system continues to be limited by the use of different sets and frameworks that often adhere minimally to standards of how the same variables should be measured.
- Aggregate indices are attractive for communication but require high quality data for consistent, comparable and complete indicator sets, plus a political consensus on indicator weights that is difficult to achieve at international, national or sub-national scales.

Local monitoring

Interest is growing in monitoring the performance of local authorities towards sustainable development, processes often managed by NGOs. For example, COS Netherlands (a network of regional Centres for International Co-operation) manages the “Local Sustainability Metre”. This participative instrument provides a benchmark with information covering most Dutch municipalities in 12 provinces, providing up-to-date information on policy measures related to sustainable development. The indicators were developed with citizens groups, government officials and researchers, based on best practices around the country.

There are four questionnaires: sustainable development; climate and water policies; social, poverty and international cooperation policies; local sustainable economic policies, and nature and planning policies. The questionnaires are brought to the attention of about 80 municipalities by local environmental and developmental groups which participate actively in interviewing their officials and aldermen, invoking debate and publicity. In other local areas where no local group is involved in the survey, COS Netherlands approaches the municipality directly.

The questionnaires comprise lists with *yes/no* answers. With numerous questions such as “does the municipality employ an energy co-ordinator”, “did the municipality decide about concrete cut-backs in CO₂ emissions for its own building”, “did the council decide that sustainable procurement is the way to go”, “does the government provide support to a local youth council” it was possible to get a good overall picture of the accomplishments of most Dutch municipalities.

For each positive answer the municipality can “earn” points. More points are given for positive replies concerning pioneer activities, less points for policies which are more or less mainstream or not obligatory (such as general policy statements). The total score provides an indication of the state of affairs in the particular municipality. Each questionnaire allows the possibility to correct results by adding/subtracting points, depending on specific measures taken or policies not being adequately implemented. In practice, civil servants and/or citizens completing the questionnaire can propose a “correction” with an argument substantiating why more (or less) points are deserved for a particular activity. The Metre managers at COS Netherlands review the proposals and decide if they are justified based on criteria such as:

1. the motivation for the correction should be related to the question posed;
2. correction is not possible for an intended policy or action, only for formally approved policies/actions;
3. where a questionnaire was completed by either a civil servant or citizens’ organisation, the counterpart is asked for feedback on the proposed correction.

The Local Sustainability Metre website provides policy-makers and NGOs with a complete overview of all answers and the contacts of informers. A quantitative and qualitative analysis of the results has been made by COS Netherlands. In 2006 and 2007, the main focus issue will be sustainable procurement. In 2008, COS Netherlands plans to undertake benchmarking for the municipal elections due in 2010.

International monitoring

Countries are requested to submit voluntary reports to the CSD every two years, in particular to the review sessions. This provides both an opportunity and a means for countries to take stock and record their activities and progress towards sustainable development. The CSD issues an extensive (currently 14-page) report format that focuses on NSDS and thematic country information. But the emphasis will increasingly be on case studies rather than comprehensive reporting on the given themes requested in previous years.

The latest guidelines encourage that national reporting should:

1. reflect the overall progress in all three dimensions of sustainable development, focussing on the thematic cluster of issues for the cycle of CSD meeting (currently the focus is on: atmosphere, climate change, energy, and industry development, in addition to cross-cutting issues);
2. focus on concrete progress in implementation;
3. include lessons learned and best practices;
4. identify actions taken (to promote and achieve sustainable development);
5. highlight relevant trends, constraints, challenges and merging issues;
6. incorporate, where relevant, the effective use of indicators for sustainable development.

The format is in three parts:

1. Part I: a fact sheet framework providing current information on national focal points;
2. Part II: a survey on NSDS – information is used to compile a global map of NSDS progress; this survey covers eight key questions covering, for example, type and scope of strategy, approach to its development, nature of implementation, building block components (where an NSDS process is not yet in place), links to PRS, targeting of MDGs;
3. Part III: contains guidelines on particular CSD thematic issues and on preparing case studies for each one.

Similarly most countries prepare progress reports for major UN conferences, notably the 2002 WSSD and the 2005 Millennium Summit, as well as national progress reports (**Box 11**). The 2005 Summit saw a very large number of national reports on progress towards the Millennium Development Goals (MDGs) (Ghanime, 2005; Tunstall *et al.*, 2005).

Box 11. Reports published in New Zealand for the WSSD

As part of its preparation for the World Summit, New Zealand published a series of sustainable development-related reports. The government compiled a review, *Towards Sustainable Development in New Zealand*, of progress in implementing its 1992 Agenda 21. Another report, *The Government's Approach To Sustainable Development* (August 2002), outlined the wide range of sustainable development activities across the government sector.

At the same time, Statistics NZ published an experimental report (*Monitoring Progress Towards a Sustainable New Zealand*) providing a selection of information to help assess New Zealand's progress towards sustainable development. This was followed by a consultation process in October-December 2002, led by an independent staff member from Statistics NZ (someone not involved in the development of the above report). This involved public seminars around the country (348 people participated) to discuss the "Monitoring" report and review its usefulness, small-meeting consultations with government departments, and a questionnaire provided on the back of the "Monitoring" report and on the Statistics NZ website. The findings were reported in a Cabinet paper in early 2003.

A review report on the findings of the consultation process by Statistics NZ (February 2003) indicated that the "Monitoring" report was thought to "add value": by providing an overview of the issues involved in sustainability; as a national level report which provides top-level information across environmental, social, economic and cultural sections; as a first attempt to monitor progress towards sustainability; in identifying the right things to measure; in identifying gaps in reporting; and in providing all the information in one place.

It also suggested how the "Monitoring" report could be improved, e.g. by using "one number" indicators, comparing regional- and national-level data, and addressing cultural and heritage perspectives.

The Parliamentary Commissioner for the Environment also released a report on sustainable development (*Creating our Future: Sustainable Development for New Zealand*) reviewing progress, with particular reference to environmental management performance since the 1992 Earth Summit in Rio de Janeiro. The report highlighted the opportunities and challenges for the future in maintaining a healthy environment, social well-being and a strong economy.

Example: Monitoring the EU Sustainable Development Strategy

The College of EC Commissioners adopted a communication on an EU sustainable development strategy in May 2001: *A Sustainable Europe for a Better World – a European Strategy for Sustainable Development* (COM (2001)264 final). This addressed dimensions of sustainable development internal to the EU. A second "sister" document covering the external dimensions was released on 13 February 2002: *Towards a Global Partnership for Sustainable Development*. Together, these two documents represent the EU's sustainable development strategy. Subsequently, considerable debate and attention has been given to monitoring this combined strategy.

The Spring Council of EU Heads of Government was supposed to undertake annual progress reviews of the 2001 EU sustainable development strategy at the Spring Council meeting, but this process has fallen short of expectations and is not been fully effective. It

was decided, therefore, to develop a reinforced reporting system to focus on the short- and medium-term delivery of the strategy's objectives, combining and simplifying as far as possible current reports on sustainable development issues; and clarifying institutional responsibilities (particularly the roles of the European Council and the European Parliament) in the monitoring process.

Future monitoring will be based on sustainable development indicators developed by the EC, drawing on, among other things, the various indicators developed within the sectoral policy processes and the synthesis made from these in the set of structural indicators which have monitored progress towards the targets through the Lisbon reform agenda. It aims to put more effort into developing future models, forecasts and further gathering of scientific data, and thus to improve monitoring.

In 2005, the EC presented a list of indicators for monitoring the implementation of the political priorities which were agreed at the Gothenburg and Barcelona European Councils or which relate to the commitments entered into by the EU at the WSSD (CEC, 2005a). They take the form of a hierarchical framework of 12 headline indicators (corresponding to the main sustainable development themes identified at European and international level), 45 core policy indicators (corresponding to the key objectives of each theme) and 98 analytical indicators (corresponding to measures implementing the key objectives). The European Statistics Agency (Eurostat) has also developed a set of indicators for monitoring, assessing and reviewing the EU sustainable development strategy.

The EC launched debate on the 2001 strategy in August 2004 in the form of a questionnaire. It then issued a report in February 2005 (CEC, 2005b) as a first step in reviewing the strategy. It built on debate over the proceeding year, including the opinion of the European Economic and Social Committee in April 2004 and the results of a public consultation launched by the Commission in October 2004. The report provided an initial assessment of the progress made since 2001 and outlined number of future orientations to guide the review.

During 2005, the European Commission engaged in a public consultation process on how to build on the 2001 EU sustainable development strategy in developing a revised strategy (1100 contributions were submitted by Member States, NGOs, businesses and citizens). A Stakeholder forum was organised by the European Economic and Social Committee (EESC) in April 2005. The European Council agreed Guiding Principles for sustainable development in June 2005. This was followed in December 2005 by a Commission Communication presenting a "Platform for Action", marking the culmination of the review of the sustainable development strategy (CEC, 2005c). This "revision" does not aim to replace the 2001 strategy but rather to adapt it for the 2005-2010 period. It takes account of achievements to date and sets out further concrete actions for the coming years. The Communication identified key issues where a stronger impetus is needed in future years; suggested that the external dimension of sustainable development (*e.g.* global resource use and international development concerns) be factored into internal policy-making and that the impact of European policy choices on global sustainable development be more consistently assessed; and proposed ways to measure progress and regularly review priorities, with a view to facilitating greater coherence between Member States and EU strategies – involving, *inter alia*:

1. submitting a progress report from the Commission every two years. It will draw on the set of sustainable development indicators (a first report accompanied the Communication);

2. the European Council and the European Parliament discussing progress, on the basis of the Commission's report, reviewing priorities and providing general orientations on sustainable development at least every two years;
3. the European Economic and Social Committee and the Committee of the Regions playing an important role in building stronger support for action, *e.g.*, through the organisation of regular stakeholder discussions and through acting as a catalyst to stimulate debate at national level as well;
4. the European Commission launching a review of the Sustainable Development Strategy during 2009, involving a process of wide stakeholder consultation;
5. a proposal that Member States review national Sustainable Development Strategy developments in the light of the EU Strategy and publish them by the end of 2006, followed by a light peer review process focusing on specific themes.
6. a continuous dialogue with the people and organisations – business leaders, regional and local authorities, NGOs, academia, and citizens' organisations – which are engaged and committed to making change happen.

Box 12. Recommendations for monitoring the EU Sustainable Development Strategy

At the request of the European Economic and Social Committee (EESC), the Working Group on Sustainable Development of the Network of European Environment and Sustainable Development Advisory Councils (EEAC) put together some recommendations on a conceptual frame for monitoring the EU sustainable development strategy (Bachmann *et al.*, 2005):

1. data and other tools, impact assessment;
2. need to select headline indicators, building on more detailed baseline indicators;
3. a proper assessment of ecological, economic and social impacts;
4. cooperation with data-handling institutions which provide accurate data to enable evidence-based analyses of transition trends;
5. societal stocktaking, with involvement of stakeholders and parliamentarians.
6. process quality and link-up procedures;
7. monitoring to be independent from those in charge of strategy;
8. monitoring scheme should reflect state-of-the-art in sustainable development performance and evaluation of EU Member States (*e.g.* data aggregation, cross-national peer reviews, benchmarking and rating approaches).

The final phase of the revision of the EU sustainable development strategy happened under the Austrian EU Presidency during the first 6 months of 2006. The Austrian Presidency set up the "Friends of the Presidency" group consisting of representatives from all Member States and the European Commission. Its assisted the Presidency to prepare the renewed strategy. The Austrian Presidency also involved all major Council

formations in the review process, and used inputs from the European Parliament and the European Economic and Social Committee.

EU heads of state and government adopted a renewed sustainable development strategy at the European Council meeting on 15-16 June 2006. This includes a section on implementation, monitoring and follow-up which commits the Commission to submitting a progress report on implementation in the EU and member states every two years (starting September 2007) (CEC, 2006). At EU level, the Commission will, in analysing the state of play with regard to challenges set out in the strategy, “draw on a comprehensive set of sustainable development indicators, taking into account the EUROSTAT sustainable development monitoring report, to be updated every two years, as well as on the latest scientific evidence and on developments in relation to key EU activities (strategies, action plans, legislation)”. The progress report will incorporate inputs on progress at national level to implement the EU strategy and the results from voluntary peer reviews of national strategies. At the latest by 2011, the European Council will decide if and when a comprehensive review of the EU sustainable development strategy needs to be launched.

Monitoring requirements for key strategy elements

Monitoring is needed in relation to key strategy elements: (a) the strategy process, (b) products, (c) outcomes, (d) impacts, and (e) dissemination and use of monitoring information. However, monitoring everything is impossible. It is impossible in *theory* because we do not know enough about natural, social and economic systems to know all the aspects we could record – and new techniques and approaches are being developed all the time. It is impossible in *practice* because there will never be enough resources – time, money, equipment, expertise – to record everything. Therefore, monitoring is necessarily selective. Issues to consider are elaborated below.

Monitoring strategy process

A strategy is a complex management process that, at the same time, seeks to build on existing decision-making machinery. Monitoring is essential to keep the process on track, to ensure all stakeholders know what stage the process has reached so they can engage more effectively. Process quality also matters: stakeholders have usually committed to a strategy being carried out through certain principles. It is also helpful if these principles (*e.g.* participation and building on existing initiatives) are monitored. Such monitoring offers transparency of information, mutual accountability and confidence building. Issues to monitor include:

1. inputs applied – financial, physical and human resources against a timetable;
2. stakeholder involvement/interaction – numbers and types engaged at key stages;
3. government machinery links – strategy role in key formal plans and budgets, and vice versa;
4. international, business and civil society links – engagement of strategy process in key events or initiatives, and vice versa;
5. principles applied – how well the agreed strategy principles have been applied in practice.

Key monitoring criteria include: *economy* (in procurement and expenditure), *equity* (in stakeholder engagement) and *efficiency* (in building on other initiatives); a mix of internal programme management accounting and reporting, with government administrative monitoring. Stakeholder opinion surveys will help with monitoring strategy process quality (principles). Frequency may range from monthly (finances) to quarterly (government links) to annual (principles)

Monitoring strategy content or products

The strategy will produce a rich range of data, opinions, ideas, options for decision-makers, actual decisions and some institutional innovations such as sustainable development policy frameworks and information systems. Monitoring is necessary in part to keep track of them, but more especially to be able to identify how key social, environmental and economic issues have been covered, and how these relate to targets and commitments. Issues to monitor include:

1. type of product: database, survey, agreed policy, instrument, delivery system or other capacity;
2. how it links to international commitments: notably MDGs and Agenda 21/CSD;
3. how it links to other national initiatives: existing or new, government – or NGO – led.

Key monitoring criteria include: degree of coverage of particular issues, *e.g.* mention, analysis or defined response to sanitation issues; direct or indirect link to key international or national targets; extent of budget/personnel applied to any new system/capacity; and how far strategy principles are applied. This is done primarily through internal programme management monitoring; but also government administrative monitoring, *e.g.* budget and spending round reviews.

Monitoring strategy outcomes

The strategy's direct outputs should start to influence the diverse plans, budgets and operations of wider government actors, as well as businesses and individuals. Consequently, monitoring is needed to assess the use made by stakeholders of strategy outputs and their satisfaction with them; and, further, to identify whether behavioural changes are beginning to take place in areas recommended by the strategy (although attribution is not possible until the impact assessment stage). This may often be the most critical monitoring task, as outcomes are under the direct control of strategy actors, and therefore outcome information offers a basis for steering the strategy. Issues to monitor include:

1. users of strategy products: who has used strategy documents, databases and other resources – their numbers and stakeholder type; and what they say about the utility and quality of these resources;
2. strategy citation: direct citation of strategy by new analyses, innovations, policies and instruments (governmental or otherwise);
3. changed behaviour in planning, budgeting and investment: major qualitative and quantitative change in key areas, lined up against strategy recommendations.

Key monitoring criteria include strategy product user numbers, types and satisfaction; percent of new policies, laws and initiatives citing the strategy; percent of budgets directed at strategy recommendations (government, business and household levels). This can be done through website statistics from strategy site; on-line user questionnaires; government departmental annual reporting; parliamentary reporting; industry and commerce annual reporting; household surveys (routine as well as multi-topic special strategy surveys and public inquiries – the latter are also applicable at community level); independent research systems; media monitoring. The use of many systems is considerably eased when monitoring calendars are consistent or coordinated. Whilst this is difficult in the short run, joint projects (*e.g.* poverty-environment mapping) can be used to link key monitoring agencies together. Frequency is likely to be annual – with one-off studies as and when required.

Monitoring strategy impacts

The strategy's direct impacts are difficult to assess. Firstly, they may not be separable from the impacts of many outcomes that the strategy will have inspired – clearly it is not right to attribute all sustainable development impacts to the strategy alone, or to other initiatives alone. Secondly, they may not be discernable in short time frames. This problem of attributing causation worries many people who have attempted strategy monitoring. The strategy's overall influence is best assessed when monitoring outcomes. Here, the added value of monitoring is to assess wider changes to key aspects of human and ecosystem well-being, in order to inform *both* the strategy *and* all the various initiatives to which it is linked. Thus, it is helpful if the strategy includes putative *impact pathways* linking needs with policies or other products, with outcomes, and with likely impacts.

Monitoring information over subsequent years will then offer some fundamental insights into the “*theory of change*” that is built in to the strategy; it may help to test its *assumptions*; it will offer *lessons* on strategy effectiveness in encouraging action in general areas; it may suggest *course correction* in specific areas (national, local or development assistance); and it is certainly central to any formal *revision* of the strategy. Thus, it is helpful if impact monitoring relates to specific, meaningful indicators, triggers or targets rather than to a very comprehensive survey of the wider environment. Indeed, such monitoring should become a central function of a permanent sustainable development information system. Issues to monitor include:

1. key “headline indicators”: perhaps a dozen dimensions of sustainable development which matter most to a variety of stakeholders (rather than a plethora which may have some academic purpose but little policy use). Also, it is important that indicators stay stable over time to facilitate monitoring;
2. key triggers: whether environmental or social thresholds are being breached, or acceptable risk levels exceeded, which would signal the need for rapid responses;
3. progress towards major targets: easier if the strategy is defined in terms of specific targets, *e.g.* a national articulation/reinterpretation of the MDGs.

Key monitoring criteria include: sustainability (*e.g.* quantitative or “barometric” directions for each headline indicator, trigger or target); effectiveness (has the strategy been associated with any significant improvement in these indicators? and equity (distributional impacts, notably on poor/disadvantaged groups and on other countries).

By its nature, monitoring strategy impacts is neither a one-off task nor one that can be accomplished with the kinds of limited budgets attached to strategy exercises. Indeed, it will often be considered a major area for capacity development. Ultimately a dedicated sustainable development information system is required which will produce a continually changing picture of the nation's indicators, triggers and targets in order to inform a continuously-improving NSDS or its equivalent.

In the meantime, there will usually be a construction/integration task to bring the capabilities together. Ingredients will include: wiring together environmental assessment, demographic and economic information systems, and poverty monitoring with administrative reporting (*e.g.* health and agriculture departments); reconciling differing data periods, time lags and degrees of aggregation: agreeing frameworks (Millennium Ecosystem Assessment, livelihood capitals, Agenda 21 and MDGs all have advantages); developing specific official capabilities in key trade-off areas, notably green accounting (to trace state of environmental assets against other assets) and poverty mapping (to link poverty with spatial issues such as environmental deprivations); independent watchdogs to attest to the quality of the above, to fill gaps, and to follow specific issues; public opinion and behaviour surveys (web-based); and multi-stakeholder learning groups around specific issues. Frequency is likely to be every 3-5 years, as part of a process of formal strategy review, although some of the input data may be available on an annual basis.

Feedback: reporting and disseminating monitoring results

Given the fact that an NSDS is predicated upon strengthening the culture of dialogue, learning, and continuous improvement, it is axiomatic that monitoring results need to reach the multiple stakeholders and levels involved. Feeding back information from monitoring the four strategy elements above to key stakeholder groups enables them to track progress, distil and capture lessons, [steer processes], and signal when a change of direction is necessary. The periodicity of formal NSDS reviews will influence the approach taken.

One of the key dilemmas will be linking process, input, output and outcome indicators. It is not always possible, for example, to relate input cost data to output figures, partly as they may be related to several periods or activities. Ideally, monitoring would be able show the value of output-based (if not outcome-based) planning and costing. Target groups for reporting and dissemination include: parliament, key civil society (issue-based) groups, standing government committees, existing fora for local and national debate, international institutions and agreements, and donors. Reporting and dissemination media include: websites and annual conferences/publications – focused on progress, learning and dynamic contexts. Annual parliamentary debates, review meetings in the country's treasury, and donor conferences have ensured results are linked to key decisions. A diversity of media both engages multiple stakeholders and minimise the possibility of political blockages.

Conclusions

The central monitoring and evaluation requirement is to track systematically the key variables and processes over time and space and see how they change as a result of strategy activities (Spellerberg 1991). From experience, a number of criteria can be

identified for assessing the utility and effectiveness of strategy monitoring mechanisms (Box 13).

Box 13. Criteria for evaluating the utility and effectiveness of NSDS monitoring mechanisms

1. *Adequate policy priority for monitoring*: the policy/mandate for an NSDS is clear that monitoring is integral to a learning, adaptive approach, central to strategy plans and schedules, and a principal means for course correction.
2. *Addresses strategy principles*: monitoring is designed and organised to determine the extent to which key strategy principles are applied.
3. *Constructed and developed as a system* that combines monitoring of (a) process/input, (b) product/content, (c) outcome and (d) impacts, and makes them a core part of the overall strategy management system.
4. *Effective utilisation of existing monitoring systems*: there are clear and operational links to named monitoring systems in government, civil society and private sector.
5. *Stakeholder participation*: Monitoring addresses the depth and quality of stakeholder participation – throughout the NSDS process.
6. *A mix of internal and external exercises*, balancing self-reflection, learning and adaptation with independent judgement.
7. *Timely and influential*: monitoring is well-scheduled in relation to planning, budget and political systems.
8. *Driven by strategy objectives* rather than by the availability of data.
9. *Clear, but flexible sustainable development reference framework*: an agreed framework is used for linking human and ecosystem well-being, e.g. Millennium Ecosystem Assessment or Agenda 21, but is flexible so that new indicators can be included as they are developed or refined.
10. *Range of assessment criteria*: appropriately based around economy, efficiency, effectiveness, equity, and credibility/legitimacy.
11. *Building key datasets*: the process of monitoring itself strengthens baselines.
12. *Adequate resourcing*: part of the strategy budget is dedicated to monitoring.
13. *Measures real progress*: monitoring assesses progress against specific and meaningful indicators (particularly environmental & social thresholds) / quantitative targets.
14. *Visibility and transparency*: The monitoring process is clear, understandable and information is provided to stakeholders, (e.g. the traffic lights system used in the UK)

Our recommendations on the requirements for effective strategy monitoring do not necessarily permit a comparison between the different monitoring approaches. In practice, these approaches are seldom used in isolation. They have been articulated very differently in individual countries, and often used in combination. Thus the issue is fitness for a specific purpose rather than inherent advantages or disadvantages. Each approach may have a role to play, either individually or in combination, depending on the country's needs and circumstances.

Beyond stating general criteria for good monitoring, we have not attempted in this review to make any judgements on the adequacy or efficacy of particular monitoring approaches (for the reasons given above) or in particular countries. We have no objective basis for doing this – the approaches serve different purposes, as we have said, and evidence is not available from a wide enough range of countries. Such an “external” assessment would face a number of difficulties, including: most existing strategy monitoring systems are not yet producing reports accessible to external reviewers; strategy documents rarely provide much, if any, information about monitoring – at least not related to the sets of requirements and criteria; and where information is provided, it is usually partial or in insufficient depth.

From this, it follows that a good step for a country engaged in reviewing or revising its NSDS (or equivalent) would be to undertake its own assessment of the adequacy and effectiveness of strategy monitoring. This would involve examining what strategy monitoring framework or system, or elements of a system are in place, and how well these meet the requirements, principles and criteria for monitoring described above. **Table 1** ventures some tentative, illustrative, observations on the pros and cons of different approaches, based on intuitive judgement and the limited “ground” evidence available from practical applications.

Table 1. Some pros and cons of monitoring NSDS: approaches compared

APPROACH	PROS	CONS	Key strategy elements addressed		
			Process	Content Product	Outcomes Impacts
<i>National peer reviews</i>	<ul style="list-style-type: none"> • Voluntary • Countries can tailor approach to their needs and circumstances • Covers full set of strategy elements (process, content, outcomes, impacts) • Sets questions based on main NSDS principles • Facilitates dialogue • Enables sharing of experiences between countries • Generates a record of discussions and recommendations for improvement of NSDS 	<ul style="list-style-type: none"> • Countries might organise reviews to be non-judgemental (could also be seen as an advantage) • Resource-intensive • Difficult to get countries to agree to peer reviews in international/regional fora 	YES	YES	YES
<i>Internal reviews</i>	<ul style="list-style-type: none"> • Address progress towards delivering sustainable development commitments or achieving targets • Can be powerful tool for change when based on indicators and targets 	<ul style="list-style-type: none"> • Usually undertaken by government officials driving the NSDS (not independent) – danger of bias, partiality, lack of objectivity • Process largely exclusive to government • Could be non-judgemental • Resource-intensive • Needs high-level political commitment 	NO	YES	YES
<i>External auditing</i>	<ul style="list-style-type: none"> • Independent of strategy driver(s) – more objective • Can keep governments accountable for sustainable development commitments Engages wide array of ministries (Canadian CESD model)	<ul style="list-style-type: none"> • Influence depends on criteria selected as basis for audit and independence of auditing body 	NO	YES	YES

Parliamentary reviews	<ul style="list-style-type: none"> Based on checks & balances between various branches of government Can raise political awareness of sustainable development goals Allows elected representatives to ask questions of government on sustainable development 	<ul style="list-style-type: none"> Can have short-term perspective due to limited parliamentary terms and concerns with other issues Doesn't provide real "measures" of sustainable development progress (outcomes, impacts) Usually limited to debating a report submitted by government (no engagement of other stakeholders) 	NO	YES	YES	RARE
Budgetary reviews	<ul style="list-style-type: none"> Involves the most powerful and influential government ministry (Finance) Provides a means to argue/lobby for fiscal allocations to sustainable development actions or other investment (particularly when aligning with national planning) Can increase sustainable development awareness within ministries Generally demands ministries to focus on sustainable development outcomes and value-for-money <p>Can provide guidance to ministries on incorporating sustainable development into their work</p>	<ul style="list-style-type: none"> Difficult to involve finance ministries Can be hard to implement without better methodology 	NO	YES	RARE	NO
Indicator-based monitoring	<ul style="list-style-type: none"> Can be most rigorous approach if indicators are also targets Allows long-term vision when inter-generational indicators included 	<ul style="list-style-type: none"> May be hard to get agreement on short list of core indicators Questions remain about how to measure certain sustainable development concepts Data can be unreliable or lacking (particularly in developing countries) <p>National indicators less relevant at local level</p>	NO	NO	YES	YES

<p>Public, local monitoring (Comparison relates only to Netherlands Local Sustainable Meter example)</p>	<ul style="list-style-type: none"> Engages publics/civil society on sustainable development issues that matter to them Participative instrument Indicators agreed by range of stakeholders Builds links between NGOs and local officials Transparent process Creates peer pressure – can be most effective means of promoting sustainable development reforms Official commitment to report – can be used by stakeholders to push for action 	<ul style="list-style-type: none"> Bias towards local authority actions on sustainable development; risk of neglecting national strategy elements 	NO	YES	YES	YES
<p>International monitoring Reports to CSD, UN conferences, national progress reports</p>	<ul style="list-style-type: none"> Regional (European) perspective Future monitoring to be based on sustainable development indicators (12 headline) 	<ul style="list-style-type: none"> “Box-filling” approach (completing questionnaire) Countries tend to emphasise successes and downplay/avoid failures & shortcomings 	NO	YES	YES	RARE
<p>Monitoring EU strategy</p>	<ul style="list-style-type: none"> Regional (European) perspective Future monitoring to be based on sustainable development indicators (12 headline) 	<ul style="list-style-type: none"> Inadequate attention to external dimensions (policy effects on developing countries) Lacks comprehensive assessment of ecological, economic and social impacts Inadequate engagement of stakeholders Process run by strategy drivers (lack of independence) Process buried in EU bureaucracy 	NO	YES	YES	POOR
<p>Poverty reduction strategy monitoring</p>	<ul style="list-style-type: none"> Addresses inputs, outputs, outcomes and impacts (increasingly in relation to the MDGs) Performance assessment triggers consecutive tranches of donor support and forms formal basis for donor-recipient dialogue Provides base for capacity development 	<ul style="list-style-type: none"> Annual progress reports focus on donor needs Driven by procedural reasons – mainly to support donor-client government relationship Strategic value of monitoring not yet fully realised Poor links with existing national monitoring processes Inadequate stakeholder participation 	NO	YES	YES	YES

ANNEX: Monitoring Poverty Reduction Strategies

Poverty Reduction Strategies (PRSs) are increasingly employed as the programmatic basis for cooperation between the government of a low-income country (LIC) and several development assistance agencies. The PRS itself is supposed to be prepared according to key principles, with the aim of according it the standing of true national development policy involving multiple stakeholders, rather than merely a one-off governmental plan. PRSs are now expected to become the primary vehicle where targets are set for meeting the Millennium Development Goals (MDGs) at national level, particularly in the poorest countries. Donors are supposed to align themselves with this plan and provide harmonised support.

An increasing proportion of such donor support takes the form of direct budgetary support to low-income-country (LIC) treasuries, and/or to sector ministries. The idea is to offer long-term, predictable, yet flexible quantities of finance offered to enable good governments in LICs to implement their agreed PRS. Often, donors will support reforms in public financial management to ensure effective implementation of the PRS, and effective use of budget support.

Ostensibly, then, the combination of PRS, budget support and public sector reforms, whilst being based on a partnership with donors, is structured to put greater choice and power in the hands of LIC stakeholders – recognising some of the failure of multiple donor-driven projects in the past. In practice, however, the PRS tends to strengthen central governments rather than all stakeholders in poverty reduction. And the PRS remains flavoured with “donor conditionality”. Originally, the primary function of “PRS Papers” (PRSPs) was to help Least Developed Countries (LDCs) secure the remission of debt, and PRSPs were mandatory under the rules of the Highly Indebted Poor Country (HIPC) II initiative; later, PRSPs also became a condition for LDC governments to obtain low-cost loans. The World Bank, IMF and bilateral donors often pushed the pace in PRS development: as well as providing the information, analytical skills and resources, they often applied very similar packages to very different situations.

Thus, in spite of their potential role as a national multi-stakeholder *process* of agreeing specific development priorities, there remains an understandable tendency to see PRSs as blueprint “papers” produced by central governments, and driven by treasuries, to meet donor “conditions”.

In such a context, PRS monitoring is particularly important. It should enable all stakeholders to appreciate progress and content of the PRS, to check whether key actors have played their agreed roles, and, in particular, to assess how far the PRS truly matches up against principles of ownership and participation. Such monitoring should equip stakeholders to ensure the strategy realizes its potential – as a nationally-agreed statement of intention to reduce poverty, that is clearly linked to national and local systems of planning, budgeting and service delivery. The results of monitoring should provide a good vehicle for dialogue by PRS partners.

There are four basic monitoring elements, most of which are applied to all PRSs:

1. a Poverty Monitoring System (PMS) addressing inputs, outputs, outcomes and impact (in relation to the MDGs) – which has tended to be developed with donor support;
2. an annual PRS progress report – which tends to be focused on donor needs;
3. one-off evaluations to assess the impacts on poverty of particular interventions that are key components of the PRS;
4. the PRS Credit (PRSC) and Poverty Reduction Budget Support (PRBS) Performance Assessment Framework – which tends to be used to trigger consecutive tranches of support.

How have these varied PRS monitoring provisions worked out in practice? The principal conclusion to date is that monitoring, whilst almost always undertaken, is driven by narrow procedural reasons, primarily to support the donor-client government relationship. The strategic value of monitoring is not being fully realized – but this is on the increase and there are clear exceptions. Two recent reviews offer a more detailed assessment of PRS monitoring. GTZ (2004) reviewed the monitoring of five well-established PRS processes and Agulhas Development Consultants Ltd (2006) reviewed the experience of a range of “country-led approaches”, primarily PRSs. Their conclusions are largely consistent and include:

There have been several improvements as a result of PRS monitoring efforts. On the whole, sources of information on long-term poverty trends have increased considerably as a result of the PRSP initiative. There have been significant investments in upgrading the statistical systems in many PRSP countries, and most have introduced survey programmes. The use of qualitative monitoring tools, such as participatory poverty assessments and user-satisfaction surveys, has also improved. National NGOs are increasingly active in these kinds of monitoring activity, whether independently or as part of the national monitoring system. Many countries with weak public-expenditure information systems have introduced public expenditure tracking surveys. Linking monitoring to resource allocation seems to offer the most promising strategy of building up the demand for more effective monitoring in the policy process (Agulhas, 2006).

Although monitoring is taking place, it is far from realizing its full potential. Most PRSs have some sort of Poverty Monitoring System (PMS) designed as part of it. But implementation of these is often very weak. “Many have produced system designs on paper, and assigned overall responsibility for PRS monitoring to a central agency, but few function as integrated systems” (Agulhas, 2006). Monitoring has concentrated on steering the strategy mechanics and timetable, with the particular needs of central government and donors uppermost – however, this has included ensuring good levels of participation.

Donor needs end up dominating, and links with existing national monitoring processes are poor. Monitoring reports tend to be put together by the Ministry of Finance or Planning, but are aimed primarily at the World Bank or IMF (because disbursements occur once key monitoring tasks have been completed). Annual progress reports tend to be broad narratives of government action over the past year, and do not report systematically on PRS indicators. PRS monitoring calendars are often not aligned with the budget or policy process.

Dissemination to different national stakeholder audiences is weak, which limits PRS policy influence. Weaknesses at instrument or data level pale in comparison and much

more effort is needed in dissemination. With little public discussion of PRS monitoring results, influence on public policy has been disappointingly weak. Exceptions include Nicaragua, where civil society produced a “hotly discussed” alternative strategy; and Kenya, where dissemination aims at the press, public and in local languages.

Monitoring suffers from political constraints, but has not yet benefited from political potentials. Monitoring has proven to be a highly political process – but in the sense of facing political constraints rather than using political processes. There is resistance to making certain types of information available to the public, as it restricts government room to manoeuvre (for example, information has been weak for economic sectors that the state supports and for corruption). Parliament was informed in none of the five countries reviewed by GTZ.

Most PRSP countries have generated tables of indicators, but the quality and relevance of the indicators varies substantially. In many cases, they are not based on available data sources, are not clearly linked to specific actors and PRSP objectives. In many cases, baselines and targets were not set during the first PRSP cycle, making it impossible to report against PRSP indicators. Too much attention has been given to generating large lists of *impact* indicators, often to keep a wide range of stakeholders happy (choosing indicators is a political process, too). Impact indicators often need to be streamlined – requiring consensus. There is frequently very little monitoring at impact level and, in many countries, UNDP has taken the responsibility for MDG monitoring. The most critical indicators for monitoring the strategy are at the *outcome* level, which by definition relate to government action; without them, “there is no basis for timely steering and for exerting any meaningful influence within the political process”. But outcome data have not received much attention.

It is difficult to obtain strategy “user” information that relates to the integrated set of PRS themes. The World Bank introduced the Core Welfare Indicator Questionnaire (CWIQ) to close the information gap. Participatory surveys can help, such as Poverty and Social Impact Assessment and Citizen Report Cards. Participatory Poverty Assessments give good data, but there are not always well understood or appreciated by PRS coordinators – and thus the issues raised (which are often environment- or gender-related) do not influence the strategy. Data on public expenditure offer key monitoring information on direct strategy outcomes. Public expenditure reviews, and expenditure tracking studies, have been an excellent way to obtain information into how social, environmental and economic assets are being treated.

It is a sound strategy to build on existing capacity, but that approach has its own problems. There is no universal blueprint for the institutional structure of a PRS monitoring system – because building on (diverse) existing approaches has proven to be the only practicable way forward given the vast array of information required. The collection of routine data remains hampered by capacity constraints, particularly in local governments which are often responsible for the delivery of the bulk of pro-poor services. Yet building on existing approaches has created the problem of inconsistent baselines and time series – measurement of poverty incidence is often very sensitive to (changing) definitions of the poverty line where a large proportion of people are just above or below that line.

Donors have been supportive in capacity development for monitoring. They have helped by supporting national statistical institutions, independent studies and seminars in a balanced way – successfully avoiding endangering any sense of national ownership of

the strategy. Parallel donor support to fiscal, public expenditure and public sector reform has helped to improve routine government information.

Box A1. Monitoring PRS in Tanzania

In Tanzania, the opportunity was taken to evaluate the PRS, consulting with many stakeholders at several levels, before the new Strategy was embarked upon. A set of questions regarding PRS outputs, outcomes and impacts were asked to: local governments – 18,000 participants in 168 villages; civil society organisations – 1000 consulted; the general public – 22,000 completed surveys (500,000 printed); parliamentary select committee on environment – visited sites; three rounds of consultation – enabling stakeholders to learn and shift position.

The Ministry of Finance (MOF) has played key roles in monitoring and evaluation. Firstly, its Public Expenditure Review (PER) process was critical in identifying the many different stakeholders and activities that can contribute to poverty reduction. Whereas the previous World Bank-led PRS was focused around seven fixed “priority sectors”, MoF’s review enabled all stakeholders – within and outside government – to identify what they can offer, at what cost and with what expected benefits. Secondly, steps are now being taken to link PRS monitoring to the annual budget process – which should be key in implementing the strategy and correcting its course. Subsequent monitoring of medium-term expenditure frameworks, as well as future full PERs, will be key to ensuring that the MKUKUTA influences the government budget.

Poverty-environment indicators were developed, for inclusion in the revised Poverty Monitoring System designed to monitor the MKUKUTA. This was a critical step in opening up notions of poverty beyond monetary income and food security. It will be a key step in ensuring broader coverage of sustainable development issues. It was developed with donor support under the DFID/Danida-supported UNDP/UNEP PEI programme.

Dissemination of strategy monitoring. The government has an elaborate process for disseminating information on the PRS, publishing summaries and monitoring results. Tanzanian CSOs produced a plain-language guide to the PRS. Several key documents (including newsletters) appear in Kiswahili.

Challenges remain - including:

1. clarifying the links between, and possibly rationalising, the three major monitoring approaches;
2. the PRS monitoring system, which tracks 60 indicators;
3. the Public Expenditure Review, which engages in analytical work around the budget;
4. the Performance Assessment Framework (PAF) which contains broad commitments rather than specific actions in four “key result areas”: macroeconomic stability; improvements in public-service delivery; improving PRS monitoring; and improved public financial management.
5. developing a robust environmental management information system and baseline for the PMS, consistent with the above.
6. Improving the coverage of several indicators, notably environmental indicators, in the PRSC/PRBS Performance Assessment Framework

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Chapter 8. Approaches for Evaluating National Sustainable Development Strategies

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Introduction

The Johannesburg World Summit on Sustainable Development called on states to “take immediate steps to make progress in the formulation and elaboration of national strategies for sustainable development and begin their implementation by 2005”. In the preparations for the Johannesburg conference and subsequently, increasing attention has been paid to evaluating National Sustainable Development Strategies (NSDS) to ensure that they are effective in meeting national sustainable development goals and related international commitments. Several approaches have been used for this (OECD, 2005; UNDESA, 2005). This paper reviews experience with these evaluation approaches, with the aim of identifying good practice and presenting recommendations for potential improvement.

For the purpose of this review, approaches to national sustainable development strategy evaluation are categorised into four broad types:

1. Budgetary reviews
2. Quantitative targets
3. Impact assessments
4. National audits

Many countries have used a combination of two or more of these approaches. This comparative review examines the strengths and limitations of each approach, in relation to the potentially different contributions they might make to a fully effective evaluation system.

Criteria for evaluating NSDS

A full evaluation of a national sustainable development strategy needs to cover all the aspects of sustainable development and strategic planning which a national strategy is expected to cover, and additionally, should meet two further needs. First, the evaluation should give an indication of the cost-effectiveness of the national sustainable development strategy in fulfilling its objectives; second, it should itself satisfy national sustainable development strategy principles for stakeholder involvement.

The comparative review of evaluation approaches has therefore been structured to address ten areas, comprising the eight elements of an effective national sustainable development strategy identified by OECD and the two additional needs. Criteria for undertaking the review are taken from the OECD definitions of the eight elements, along with a similar expansion of the other two needs (**Box 1**).

Box 1. Criteria for review of approaches to NSDS evaluation

The evaluation approach should assess the extent to which:

1. the national strategy gives consideration to environmental, economic and social concerns in integrated approaches and plans (policy integration);
2. the national strategy adopts long-term timeframes which enable inclusion of intergenerational principles and indicators (intergenerational timeframe);
3. integrated assessment tools are used to identify the environmental, economic and social costs and benefits of policy and strategy options (analysis and assessments);
4. the strategy is based on structured indicator systems to assist in monitoring progress and to serve as quantitative targets (indicators and targets);
5. a wide range of government departments and agencies are involved in the formulation and implementation of national strategies, with overall responsibility in the office of the Prime Minister or equivalent (co-ordination and institutions);
6. local and regional authorities are fully involved in the development of national strategies, with certain delivery aspects devolved to sub-national levels (local and regional governance);
7. stakeholders (*e.g.*, business, unions, non-governmental organisations) participate with government representatives in commissions responsible for developing and implementing national strategies (stakeholder participation);
8. independent bodies or processes are established to act as watchdogs monitoring implementation of national strategies and providing recommendations for their improvement (monitoring and evaluation);

and, the evaluation approach should:

9. assess the financial, physical and human resource costs of developing and implementing the strategy, and the identifiable benefits in promoting the country's economic development in a manner that is environmentally sustainable and socially responsible (costs and benefits);
10. be amenable to effective stakeholder participation (communication).

The eight essential elements defined by OECD for an effective national sustainable development strategy were developed from principles developed by the OECD Development Assistance Committee (OECD, 2001) and similar principles developed by the UN Department for Economic and Social Affairs (UNDESA, 2002). A resource book giving in-depth information on approaches and methodologies for implementing these principles has been prepared by the OECD, UNDP and the International Institute for Environment and Development (IIED) (Dalal-Clayton and Bass, 2002). The resource book gives a number of recommendations for regular monitoring of NSDS

implementation that are particularly relevant to several of the above criteria for evaluating strategy effectiveness. Key factors which need to be monitored include:

- inputs of financial, physical and human resources (criterion 9);
- process quality in terms of how strategy principles are satisfied (criterion 2);
- outputs generated by agencies involved in the strategy (criterion 5);
- outcomes in terms of access to, use of, and satisfaction with the outputs (criterion 9);
- effectiveness and efficiency of actors implementing the strategy (criterion 5);
- involvement of non-governmental stakeholders (criterion 10).

Within the first of the eight elements (policy integration), the OECD has argued that a strategy for sustainable development should not be regarded as a new planning process, but should instead build on what already exists in the country, to enable convergence, complementarity and coherence between different planning frameworks and policies. A set of criteria for evaluating the effectiveness of integrating NSDS principles into existing planning frameworks was developed in the preparations for the Johannesburg conference with subsequent refinements (George and Kirkpatrick, 2006). These provide supporting detail for each of the eight evaluation criteria taken from the OECD national sustainable development strategy elements.

A review by IISD of national sustainable development strategies in 19 developed and developing countries identified several key challenges and innovative approaches that have been used in addressing them (Swanson *et. al.*, 2004). Four of these provide further detail that is particularly relevant in applying the evaluation criteria:

- feedback mechanism – including monitoring, learning and adaptation. Systematically monitor integrated sets of sustainability indicators, and employ a mix of formal and informal approaches and tools to learn and adapt (criterion 4).
- co-ordination of strategy objectives and initiatives with the national budgeting process. Finance ministries or departments play a central role (criterion 5).
- co-ordination with sub-national and local sustainable development action. (criterion 6).
- implementing a mix of policy initiatives, and in particular, environmental fiscal reform initiatives, including environmental fiscal reform and economic instruments (criterion 5).

Further supporting details for most of the ten evaluation criteria may also be obtained from the Bellagio Principles which were developed by IISD for the assessment of progress towards sustainable development (Hardi and Zdan, 1997), and from other experience in evaluating national strategies. An independent review of the European Union's sustainable development strategy has highlighted a key factor that is implicit in the NSDS principles for high level commitment and stakeholder involvement (criterion 7), but which should ideally be made explicit Dalal-Clayton (2004): the review and revision processes should engage fully with the Parliament to build broad political support and increase awareness.

The following sections of the paper discuss each of the four evaluation approaches under the following headings:

- Description of the approach;

- country examples. Examples of application of the approach in OECD countries and some prominent non-OECD countries, taken from country sources and previous multi-country reviews (Swanson *et al*, 2004; Dalal-Clayton and Bass, 2002; European Commission, 2004; OECD, 2005); and
- strengths and limitations of the approach.

Budgetary reviews

Description of the budgetary review approach

Experience with earlier efforts to integrate environmental considerations into development planning, such as National Environmental Action Plans and Conservation Strategies, has shown that many have failed through lack of integration into a country's mainstream strategic planning system. The annual budget process is a principal component of national strategic planning in all countries. Hence, a key factor in integrating a national sustainable development strategy into the existing strategic planning system is its incorporation into the budget process. This is recognised in OECD principle 4 and UN principle 11, both of which state that 'the strategy needs to be fully integrated into the budget processes.

A national sustainable development strategy can in principle be integrated into mainstream planning by assigning responsibility for all objectives and related actions to individual government departments, and requiring them to allow for these responsibilities in their budgets. The country's annual budgetary review can then include an evaluation of each department's contribution to the national strategy, and the resources needed to implement it.

Country examples of the budgetary review approach

Among OECD countries, the Netherlands, Sweden, Norway, Mexico and the UK have used budget reviews or spending reviews as part of the evaluation of sustainable development strategies. Among non-OECD countries, similar approaches have been used in the Philippines, Ghana, Cameroon and Madagascar.

In the Philippines, integrated strategic development planning is carried out under the authority of the National Economic Development Authority (NEDA), chaired by the President of the Philippines. The Secretaries of all major ministries responsible for economic, social and environmental issues are members of the NEDA Board, including the Secretary for Environment and Natural Resources. Regional Development Councils provide support to the NEDA Board, and link the regional planning process to the national planning framework.

Within the overall planning system, interagency coordination is promoted through a cabinet cluster system. The Secretary for Environment and Natural Resources serves on both the Agro-industrial Development cluster and the Water Resources Management cluster. NEDA is also the lead agency for the Philippine Council for Sustainable Development (PCSD). The PCSD comprises representatives from 18 government line agencies, along with a wide range of civil society organisations. Its structure brings together the main agencies responsible for macroeconomic and sectoral policy-making with civil society representatives with interests in environmental and social issues, under

the chairmanship of NEDA. It serves to enhance the integration of environmental and social concerns in economic policy-making. An Interstaff Technical Working Group of the NEDA secretariat lends support to the PCSD, and aims to ensure consistency between PCSD policy actions and overall development objectives. NEDA staff supporting the PCSD is also involved in policy and project evaluation and analysis, facilitating the incorporation of environmental considerations into the review of macro and sectoral policies and programmes.

The Philippines Secretary for Budget and Management serves on the NEDA Board and a number of clusters, to ensure that development plans are appropriately budgeted. The Board's Development Budget and Coordination Committee is responsible for reviewing the annual government budget as it relates to the development priorities of the Medium-Term Development Plan. At the legislature level, the Senate is mandated under the national Constitution to review and approve budgetary allocations covering all major strategic plans, including those specifically for sustainable development.

In the Netherlands, each government department presents an overview of its contribution to sustainable development in its annual budget. In Sweden and Norway, public spending proposals on policies and programmes are required to describe the potential impacts on sustainable development. The United Kingdom has a similar approach to incorporating sustainable development considerations into spending reviews. Mexico does not currently have a separate national strategy for sustainable development, but instead integrates sustainable development directly into existing national development planning processes, associated with the budget process.

None of these examples ensures that all the objectives and actions of a comprehensive national sustainable development strategy are assigned the necessary budget, nor do they fully monitor the achievement of such objectives. In many countries sustainable development objectives are defined without reference to the costs of implementation. In Switzerland, for example, the national sustainable development strategy states explicitly that details of costs and the financing of necessary measures are to be elaborated for individual cases as work progresses, and that financing has to be secured via ordinary budgetary processes. However, the examples illustrate that the budgetary review approach can provide a mechanism for linking sustainable development objectives to the budget process.

In low income developing countries, the Poverty Reduction Strategy (PRS) process may be used as the basis of a national sustainable development strategy, as in Ghana, Cameroon and Madagascar. In Madagascar, as in other countries with a PRS, the PRS system includes monitoring, which covers resource allocation, implementation programmes, conditions for targeted populations, and indicators of overall well-being and poverty. The monitoring of resource allocation is overseen through the Ministry of Economy, Finance and Budget, covering in particular donor-aided spending programmes. The main monitoring indicators for the PRS cover education, health, and the percentage of the budget appropriated to rural roads and tracks. They do not include specific environmental indicators.

Madagascar also has a donor-aided National Environmental Action Plan (NEAP), which includes its own monitoring and evaluation. The early phases of the plan produced disappointing results, but attempts have been made recently to enhance coordination with other programmes, particularly donor-aided rural development activities and infrastructure projects. A closer linkage of the NEAP and the PRS would enable a fuller integration of environmental issues into strategic development planning.

In its current form, the PRS process generally falls short of satisfying all the requirements of a comprehensive national sustainable development strategy. Incorporating NSDS principles into the budgetary review of the PRS may be used to establish a fuller correspondence between PRS, environmental management, national sustainable development strategy and the national planning and budgeting process.

Strengths and limitations of the budgetary review approach

The budgetary review approach can make a major contribution to review area 5 (co-ordination and institutions). It may also make a significant contribution to review area 9 (costs of implementation and achievement of benefits), and provide information for the other review areas. In itself however, it is not sufficient for the evaluation of most of the other areas. For the approach to deliver its full potential contribution to national sustainable development strategy evaluation, it is necessary to define each government department's responsibilities in such a way that all the objectives of a comprehensive national sustainable development strategy are covered, and monitor the achievement of those objectives as part of the budgetary review.

Another potential benefit of the approach is that it may facilitate the use of economic instruments for achieving national sustainable development strategy objectives. Sweden has been identified as an innovator in this respect, with 6% of government revenue raised by environmental taxes.

Quantitative targets

Description of the quantitative target approach

A key requirement of any strategic planning process is the need to establish clear goals, specific objectives in pursuit of those goals, targets for their achievement, measurable indicators of success, and mechanisms for corrective action when necessary. This is recognised in the OECD national sustainable development strategy principles 4 and 6, and UN principles 12 and 14.

To the extent that sustainable development objectives can be defined in quantitative terms, numerical targets can be set for the relevant indicators. The effectiveness of a national sustainable development strategy can then be evaluated by monitoring these indicators in comparison with quantified targets.

Country examples of the quantitative target approach

The multi-country review by IISD showed that about half the countries studied had developed national SD indicator sets and were monitoring their trends. These countries included Costa Rica, Germany, Mexico, the UK, Sweden, the Philippines, Switzerland, Morocco and the EU as a whole. Other countries which have used the approach include Norway, Denmark, Finland, Austria, the Czech Republic, Ireland, Korea and New Zealand. Although indicators are widely used, not all of the countries studied have established clear targets for each indicator.

In the Philippines, macro-level sustainable development indicators have been developed as summary indicators to highlight trends, clarify issues, warn of potential environmental problems and monitor progress towards sustainable development

objectives. The indicators are intended primarily for monitoring progress under the Philippine Agenda 21. At the micro level, community-based indicators have been developed for monitoring and evaluating some community level projects.

The Swiss national sustainable development strategy establishes 22 measures for action in 10 action areas. Progress is monitored using 164 sustainable development indicators, grouped into 26 thematic categories. These were developed in response to the strategy for the monitoring of sustainable development under the MONET system. Overall responsibility for the monitoring programme rests with the Swiss Federal Statistical Office, the Swiss Agency for the Environment, Forests & Landscape, and the Swiss Federal Office for Spatial Development. Ten of the indicator themes monitored in the MONET system relate primarily to social issues, including one for development cooperation. Seven are primarily economic, and nine are environmental (comprising 52 of the indicators).

The Swiss strategy was first approved in 1997, and subsequent assessment reports have taken account of trends as measured by the indicators. Following the progress report prepared for the Swiss Commission on Sustainable Development in 2001, a revised national sustainable development strategy was approved in 2002. An interim assessment report on implementation of the 2002 strategy has since been issued by the Department of Environment, Transport, Energy and Communication. The interim reports and in-depth evaluations identify opportunities improvement and make recommendations for implementation.

Responsibility for each of the 22 measures in the Swiss strategy is assigned to a lead agency, which is responsible for monitoring the effectiveness of the action taken. On the basis of the information provided by each of the responsible agencies, the Federal Office for Spatial Development collates the results in an annual report, which is presented to an interdepartmental committee responsible for implementing the commitments made at the Rio Earth Summit (IDARio). IDARio reviews the annual report before it is finalized.

The United Kingdom monitoring system uses a ‘traffic light’ approach to highlight areas of improvement and deterioration. The national sustainable development strategy for Norway goes beyond defining quantitative targets for objectives in the country itself, to include key aspects of overseas policy such as official development assistance and imports from least developed countries. Austria’s targets also include aspects of global responsibility. In Switzerland, the monitoring of SD indicators includes comparison with achievements in other countries.

The United Kingdom and the Czech Republic are examples of countries that have defined a fairly large set of indicators for detailed monitoring, and a smaller set of headline indicators as the principal medium for communication with stakeholders. The UK indicator set includes a number of region-specific indicators. In Sweden and Ireland, SD indicators have been used to develop satellite accounts to supplement national economic accounts. In Korea a similar system has been developed as a research project.

The European Union’s indicator set and monitoring system serves as a framework for linking member states’ national SD progress under the umbrella of the EU’s SD strategy. Another example of a regional SD strategy is the Mediterranean Strategy for Sustainable Development. This has recently been developed by the Mediterranean Commission for Sustainable Development, which includes governmental and civil society representatives under the framework of the Mediterranean Action Plan funded by UNEP and the

European Union. Morocco has made use of the indicator set developed for the Mediterranean SD strategy to develop, test and validate a national indicator system.

Strengths and limitations of the quantitative target approach

The quantitative target approach contributes in particular to review area 4 (indicators and targets), with contributions to several other areas. It is particularly important for monitoring the extent to which a country has achieved sustainable development and its progress towards it, which is the outcome that a national strategy aims to achieve. The approach is limited in its ability to evaluate the reasons for success or failure in achieving that outcome, or to provide information on the effectiveness of the national sustainable development strategy in delivering it. While the approach can be extremely effective in focusing attention on the need to achieve quantifiable targets in relation to sustainable development, it cannot readily evaluate the qualitative aspects, or the institutional measures that need to be taken.

Impact assessments

Description of the impact assessment approach

OECD principle 5 requires that a national sustainable development strategy be “based on comprehensive and reliable analysis”, while under UN principle 8 it is necessary to “anchor the strategy process in sound technical analysis”. Analysis of the present and forecast situation needs to be combined with examination of existing processes and strategies under OECD principle 9 and UN principle 5, and of associated long, medium and short term action plans (OECD principle 9 and UN principle 10).

Impact assessment is a well established tool for this type of analysis. Environmental Impact Assessment is widely used for the assessment of development projects, and is increasingly being extended to policies, plans and programmes (PPPs) through Strategic Environmental Assessment (SEA). The tool has been further extended to assess PPPs for their impacts on social and economic factors as well as environmental ones, when it is variously referred to as Integrated Assessment, Integrated Policy Appraisal, Strategic Sustainability Assessment, Sustainability Impact Assessment or Sustainability Appraisal. Another related technique is Regulatory Impact Assessment (referred to as Impact Assessment in the European Commission’s procedures), which is used to evaluate new laws and regulations.

As with budgetary reviews, the impact assessment approach may be applied directly to a country’s national sustainable development strategy by assigning responsibility for all objectives and related actions that are defined in the national sustainable development strategy to individual government departments. Each department’s policies, plans and programmes may then be assessed in terms of their impact on sustainable development, and in particular for their contribution to implementing the national strategy.

Country examples of the impact assessment approach

OECD countries that have used impact assessments in sustainable development evaluations include Switzerland, the United Kingdom and the Slovak Republic. The

approach is also used by the European Union. Non-OECD countries that have used the approach include Ghana and Belarus.

Most OECD countries have adopted procedures for Regulatory Impact Assessment (RIA) of all new laws and regulations, initially for the assessment of particular types of economic impact, and in some cases extended to cover environmental and social impacts. In the United Kingdom pilot studies have been undertaken for a system of Integrated Policy Appraisal, and a similar approach has been adopted in the country's formal procedures for RIA. The UK's National Audit Office (NAO) is undertaking an evaluation of the extent to which RIAs have assessed a full range of potential sustainability impacts.

The European Union has adopted similar Impact Assessment procedures for assessing the impacts of new Directives and other EU policy measures. In parallel, the EU undertakes comprehensive Sustainability Impact Assessments of the potential outcomes of its trade policy. The USA and Canada undertake Strategic Environmental Assessments (SEA) of various aspects of policy-making, including trade policy. All EU countries undertake SEA of certain types of plans and programmes under the SEA Directive, which was implemented in national law in 2004. In Canada the Cabinet Directive on the Environmental Assessment of Policy, Plan and Programme Proposals requires that government departments and agencies undertake Strategic Environmental Assessment of their proposals, in order to ensure that they properly incorporate environmental considerations. The results of these assessments are made public, and report on both positive and negative environmental effects. Most countries require Environmental Impact Assessment (EIA) for those types of development projects that are most likely to have significant environmental impacts.

Switzerland's sustainable development strategy includes two measures for implementation instruments in one of its ten action areas. One of these is for monitoring progress towards sustainable development, and the other for Sustainability Assessment. Strategic Sustainability Assessments are used in the planning process to identify the overall effects on sustainable development of potential policies and actions, and guidelines on completing them have been prepared. They evaluate the effects of draft legislation, policies and projects in terms of the three dimensions of sustainable development, and are intended to indicate potential deficiencies early in the policy-making or planning process. The Swiss strategy does not itself call for Strategic Environmental Assessments (SEA), but for some strategic initiatives these are carried out under the EU directive.

In the Slovak Republic and Belarus, SEA has been used to assess first drafts of national SD strategies, from which the findings have been taken into account in the revised strategies.

In Ghana, a SEA has been undertaken of the Ghana Poverty Reduction Strategy (GPRS), with the aim of enabling its development into a more comprehensive national sustainable development strategy. The SEA was conducted in response to donor criticisms of the level of attention paid to environmental issues in the GPRS, and conditionalities placed on further funding. Its objectives were to assess the environmental issues, risks, and opportunities presented by policies at national, regional and local levels, to identify appropriate mechanisms to ensure that sound environmental management contributes to sustainable economic growth and lasting poverty reduction, and mainstream environment within the five thematic areas of GPRS. It examined district medium term development plans as well as national policies and budgetary provisions.

The aim of mainstreaming environmental issues into the Ghana PRS through the SEA process has yet to be fully achieved. A subsequent progress report on the PRS confirmed that environment remains a priority for attention. Of the eleven environmental indicators monitored, only two showed improvement, while the rest either stagnated or declined. This contrasts with better performance in other areas. Of the other 35 indicators, 34 either achieved their targets or fell only marginally short of them.

The progress report on the PRS refers to the SEA, but only through an entry in one of its tables, which reports that the SEA was discussed extensively at a 2004 Ministerial Conference. Nonetheless, the SEA of Ghana's PRS has made significant contributions to changing attitudes to the environment, by highlighting that environmental issues are closely linked to economic growth and poverty, with crosscutting implications for all government departments. The SEA has also provided a clear analysis of the potential for improvement in the policymaking process, including for integrating the PRS with other government policies and donor programmes.

Strengths and limitations of the impact assessment approach

The approach contributes primarily to review area 3, analysis and assessments. It is particularly amenable to assessing stakeholder participation in the national sustainable development strategy (area 7) and using it in the evaluation itself (area 10). It is in principle a highly flexible approach, which can examine the qualitative aspects of sustainable development as well as quantitative ones. However, in all the examples studied, the approach has been used in a fairly ad hoc manner, with no clear relationship to a country's national sustainable development strategy.

Some of the examples have used the approach to evaluate the extent to which a national sustainable development strategy fully incorporates sustainability objectives. However, none of the examples has assessed national sustainable development strategy implementation. In most cases, the assessment has been of individual policies which may influence sustainable development, and has been conducted independently of the country's national sustainable development strategy.

As currently used, the impact assessment approach contributes to improving the sustainability of individual policy proposals, without reference to national sustainable development strategy. It provides background information which might be used in the evaluation of a national sustainable development strategy, but does not itself contribute directly to the evaluation of a national sustainable development strategy. In order to make a more direct contribution, it would be necessary to undertake a supporting analysis to define the relationships between the national sustainable development strategy and individual policy measures.

National audits

Description of the national audit approach

As identified in OECD principle 6 and UN principle 14, a country's national sustainable development strategy needs to include monitoring and evaluation (M&E) systems through which "stakeholders can see progress (and the Government) be held accountable". Independent or semi-independent audits are the principal method of holding companies accountable to shareholders in their financial reporting, and

increasingly, for their environmental performance. Similar audit techniques are widely used in government to hold all government bodies accountable to the general public.

National audits can in principle be used to ensure government accountability to stakeholders for the implementation of national sustainable development strategy. Audits may be undertaken under an existing national audit system, or through audit mechanisms developed specifically for national sustainable development strategy. They may be applied to a country's overall national strategy or to the separate components for which each government department or local government body is responsible.

Country examples of the national audit approach

Countries that have used the audit approach include Canada, France, the UK, and to some extent, all the countries that have undertaken reviews of their national sustainable development strategy (including the EU).

France is the first country to have undertaken a peer review of its national sustainable development strategy, involving civil society, representatives from other countries and international experts, to evaluate implementation of its national strategy and steer its continual improvement. It has developed a methodology for peer review which may be used by other countries, to make recommendations on process, content, indicators and implementation approaches.

Canada does not currently have a recognised national sustainable development strategy, but has instead adopted the approach of requiring individual departmental SD strategies, which are nationally coordinated through the Commissioner of the Environment and Sustainable Development in the Office of the Auditor-General, on behalf of Parliament. The Office audits most areas of government, and is therefore well placed to inform Parliament and Canadian civil society about whether the activities of departments and agencies take appropriate account of their social and environmental consequences.

This includes a review of consistency with international commitments made by the Government of Canada. Audits are conducted by the Office of the Auditor-General every three years, and make public recommendations for improvement. The departmental strategies have to be revised every three years, taking account of the audit findings. Departments are also required to report on progress towards the commitments of their sustainable development strategies in annual departmental performance reports.

Following early audits up to 1999, the Commissioner of the Environment and Sustainable Development identified a number of weaknesses in departments' strategies, including a lack of clear and measurable targets. Subsequent audit reports have indicated significant improvements.

The aim of Canada's review and revision system is to develop an integrated approach to planning and decision making in all departments, such that the potential economic, social, and environmental consequences of key proposals are considered before a decision is made, and international commitments are met. Any conflicts are dealt with openly. The Canadian audit approach reviews those aspects of departmental activities which support sustainable development or could support it, and which aspects may undermine it. Each department's sustainable development strategy is expected to evolve as a result of the reviews, and provides benchmarks by which subsequent progress can be measured. The

Office of the Auditor-General itself has a strategy for sustainable development, which permits the overall integration of departmental strategies.

The UK does have a recognised national strategy, but has additionally adopted a similar approach to Canada, in requiring all central government departments and executive agencies to produce sustainable development action plans based on the national strategy. From December 2006 they will be required to report on their actions in their annual departmental reports. The United Kingdom's Commission on Sustainable Development is responsible for monitoring overall implementation of the UK strategy, and may call on contributions from the National Audit Office (under the Audit Commission).

In parallel with devolving responsibility for sustainable development to individual government departments, or separately, several countries have devolved responsibility to the regional or local level. These include the France, Portugal, Denmark, Iceland, Ireland, Korea, the Netherlands and the UK. This enables similar arrangements for monitoring and evaluation by central government.

In countries such as France, Finland, Portugal and Germany, responsibility for the national sustainable development strategy comes under the Prime Minister's office, enabling review of all central and regional government responsibilities. This is also facilitated in countries which have some form of national commission for sustainable development, or a parliamentary committee or inter-Ministerial committee for sustainable development, such as Finland, Canada, the UK, Belgium and Germany. These commissions or committees generally play a leading role in the review and revision of national sustainable development strategy, and may have the authority to apply an audit approach.

Strengths and limitations of the national audit approach

The audit approach contributes particularly to review areas 8 (monitoring and evaluation), 5 (co-ordination and institutions) and 1 (policy integration), with potential contributions in several other areas.

The approach has the advantage of being able to call on established audit methodologies and expertise, such as for financial audit, quality systems audit (ISO 9000) and environmental management audit (ISO 14000). It can in principle apply a high degree of rigour to tracing the goals and objectives of a national sustainable development strategy through to implementation of the actions needed to achieve them, and to monitoring the effectiveness of a strategy in delivering its expected outputs and outcomes. In this form however, the approach is a relatively technical one, which may not be readily amenable to stakeholder participation, or to evaluating some of the more qualitative aspects of sustainable development.

Evaluation of Good Practice

General comparison of evaluation approaches

In the four approaches that have been examined, a distinction needs to be drawn between application of the approach to sustainable development in general, and its application to national sustainable development strategies in particular. Many countries

have established quantitative indicators and targets for particular aspects of sustainable development, which are being monitored and reported, irrespective of whether the country has a national sustainable development strategy. Similarly, budgetary reviews may take account of social and environmental issues without reference to a national sustainable development strategy. Policies, plans, programmes and individual projects may be subject to impact assessment procedures, without the country having any form of sustainable development strategy. Similarly, national audits that are relevant to sustainable development may be undertaken, without any direct link to a strategy for achieving sustainable development.

For the four approaches, several of the examples that have been examined relate to monitoring of sustainable development in general, without any clear relationship to a country's national sustainable development strategy. In other examples, the approach has been used specifically to evaluate the effectiveness of a country's national sustainable development strategy and help to improve it. Nonetheless, all of the examples give an indication of how the approach might be used in the evaluation of a national sustainable development strategy, irrespective of whether it has actually been used for this purpose in any particular example.

Application of the review criteria to the evaluation approaches

Each of the four approaches to evaluating the effectiveness of national strategies for sustainable development has its own distinct strengths and limitations. The following discussion makes use of the country examples to reveal contributions to successful evaluation that have been achieved in practice, and some of the potential limitations of each approach. Several of the examples also reveal weaknesses in applying the approach. While these are taken into account, the discussion relates primarily to the capabilities of each approach, rather than its actual use in the examples.

1. *Policy integration.* National audit offers strong possibilities of evaluating the extent to which sustainable development goals and actions are integrated across all central and local government departments to form a coherent national sustainable development strategy. It is the only one of the four approaches able to make a major contribution in this area, capable of satisfying the criterion in depth. Budgetary review can also make a significant contribution, but with limitations in respect of some aspects of the criterion. The other approaches can also contribute, but with limited ability to ensure integration.
2. *Intergenerational timeframe.* Although all four approaches can make some contribution in this area, impact assessment is the only one with sufficient flexibility to meet the criterion in full.
3. *Analysis and assessments.* Similarly, impact assessment is the only one of the four approaches capable of incorporating sufficient in-depth analysis to fully satisfy this criterion. National audit can also play a significant role, in particular by drawing together the findings of a wide range of impact assessments under the umbrella of the national sustainable development strategy. The other two approaches can make important contributions, but with a smaller overall contribution for this criterion.
4. *Indicators and targets.* The quantitative target approach has obvious strengths in this area, and is capable of evaluations which meet the criterion fully. The other three approaches can also play important roles in evaluating the means by which indicators are developed, monitored and actioned within the overall national

sustainable development strategy framework. Each has particular strengths in relation to some aspects of the criterion.

5. *Co-ordination and institutions.* National audit and budgetary review are particularly strong in their ability to evaluate coordination across all central and local government departments, while budgetary review is essential for evaluating some aspects of this criterion. Between them, these two approaches are capable of evaluating all aspects in this area. The other two approaches make smaller contributions for some of the necessary detail in applying the criterion.
6. *Local and regional governance.* None of the four approaches can by itself fully evaluate success in this area. While budgetary review can make some contribution, it is directed primarily at central government. The other three approaches can all be developed in such a way as to take local and regional issues into account, and each has particular strengths in relation to the specific needs of this criterion.
7. *Stakeholder participation.* Impact assessment is considered to be the strongest of the four approaches in evaluating the extent to which stakeholders are engaged in the national sustainable development strategy process, while national audit also plays an important role for some aspects. The other two approaches can also be designed to make contributions in this area, but with a smaller overall contribution.
8. *Monitoring and evaluation.* The impact assessment examples that have been examined are all of an ex-ante rather than ex-post nature, and make a relatively small contribution to monitoring and evaluation of sustainability impacts and actions. The other three approaches can all make important contributions in this area. National audit is considered to be particularly strong in its ability to coordinate the entire evaluation and to evaluate some of the detailed aspects.
9. *Costs and benefits.* All four approaches can make important contributions to evaluating the costs and benefits of the NDS process, and each has particular strengths in relation to this criterion. National audit is particularly strong in its ability to link financial costs and benefits with the more qualitative aspects evaluated by the other approaches, and to identify ways in which the entire national strategy process can be made more cost effective.
10. *Communication.* All four approaches are considered to be highly amenable to effective communication with stakeholders, subject to the evaluation being designed in such a way as to investigate the various aspects of this criterion. However, three of the four approaches are relatively technical, with limited opportunities for stakeholder participation in the evaluation itself. The fourth approach, impact assessment, also requires a high degree of technical analysis, but offers extensive opportunities for stakeholder involvement in the evaluation through well established techniques.

Strengths and weaknesses of the four evaluation approaches

Budgetary review

This approach is capable of making a major contribution to evaluating those aspects of a national sustainable development strategy covered by evaluation criterion 5 (co-ordination and institutions), and significant contributions for criteria 4, 8, 9 and 10 (indicators and targets, monitoring and evaluation, costs and benefits, and

communication). It can also contribute to evaluating national sustainable development strategy effectiveness in the other four areas (intergenerational timeframe, analysis and assessments, local and regional governance, and stakeholder participation). However, its potential in these four areas is relatively small.

Quantitative targets

The particular strength of this approach is in evaluating the effectiveness of a national sustainable development strategy in achieving progress related to specific indicators and targets (criterion 4). The approach can also make significant contributions to evaluating those national sustainable development strategy elements covered by evaluation criterion 6 (local and regional governance), criterion 8 (monitoring and evaluation), criterion 9 (costs and benefits) and 10 (communication). The potential contribution of the approach is smaller in the other five areas (policy integration, intergenerational timeframe, analysis and assessments, co-ordination and institutions, and stakeholder participation).

Impact assessment

This approach can make a major contribution in four of the ten areas, as covered by criterion 2 (intergenerational timeframe), criterion 3 (analysis and assessments), criterion 7 (stakeholder participation) and criterion 10 (communication). It can also make significant contributions for criterion 4 (indicators and targets), criterion 6 (local and regional governance) and criterion 9 (costs and benefits). It is not expected to make more than a small contribution in the other three areas (policy integration, co-ordination and institutions, and monitoring and evaluation).

National audit

This is the strongest of the four approaches in its ability to evaluate three of the ten aspects of an effective national sustainable development strategy, covered by criterion 1 (policy integration), criterion 8 (monitoring and evaluation) and criterion 9 (costs and benefits). It is also one of the two strongest approaches in a fourth area, covered by criterion 5 (co-ordination and institutions). The national audit approach can also make a significant contribution for criterion 3 (analysis and assessments), criterion 4 (indicators and targets), criterion 6 (local and regional governance), criterion 7 (stakeholder participation) and criterion 10 (communication). The approach makes a smaller contribution to evaluating NSDS effectiveness for criterion 2 (intergenerational timeframe).

Conclusions

As was identified in the IISD review of 19 developed and developing countries, many innovative approaches have been developed to address the challenges of national sustainable development strategies and their evaluation. It is clear that each of the four broad approaches examined in this review has its own strengths, and that particular applications of each approach also have particular strengths and limitations. None of the approaches on its own fully satisfies the requirements for a fully comprehensive NSDS evaluation system, but between them, they are capable of meeting all the criteria that have been used in this review.

Many of the variants of each approach that have been examined in the review were developed for monitoring a country's progress towards sustainable development, and not for the evaluation of a national strategy for sustainable development. In order to contribute more fully to this specific objective, best practice in each approach needs to be developed further, with particular emphasis on evaluating the specific characteristics of an effective national sustainable development strategy for which the approach has particular strengths. None of the four approaches should be used on its own, but should be complemented by other approaches whose strengths lie in evaluating other aspects of an effective national sustainable development strategy.

Overall, stronger guidance is needed on the application of evaluation principles to national sustainable development strategy, for which criteria equivalent to those used in this review could serve a valuable purpose. It is recommended that international organisations involved in the coordination of national efforts to strengthen national sustainable development strategy should undertake a participative stakeholder programme to develop guidance of this nature.

All countries undertaking sustainable development evaluations within any of the four broad approaches should further develop best practice, in order to ensure that the approach is used to best effect and complemented by other approaches as necessary, and hence achieve greater coherence with the country's national sustainable development strategy.

The national audit approach has been identified as particularly valuable in its ability to integrate all four approaches and create a comprehensive NSDS evaluation system. All countries should give particular attention to developing this approach, in such a way as to provide a complete framework for NSDS evaluation, and to link all other sustainable development evaluations to the country's national strategy.

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Chapter 9. Monitoring the Sustainability Strategy in Switzerland

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Introduction

There are various interconnected approaches to monitoring and evaluation that are used in Switzerland to oversee the implementation of our sustainability strategy. These approaches are broken down by levels or fields of application.

Indicator-based monitoring (MONET)

In order to assess the overall current situation and trends in Switzerland from a sustainability perspective, a national sustainable development monitoring system, known by the acronym MONET, was developed as Measure 21 of the "Sustainable Development Strategy 2002" (SFSO/SAEFL/ARE, 2003a and 2003b).

MONET is not linked directly to the Sustainable Development Strategy. Rather, it measures and documents the current situation and trends in Switzerland with regard to the social, economic and environmental aspects of sustainable development. Around 130 indicators are used to give a picture of sustainable development in Switzerland. These indicators cover 26 topics ranging from social security and other social issues via questions of an economic nature, such as international trade, competitiveness and labour to environmental topics like climate, energy, soil and forests. The indicator system has been derived methodically from the definition of sustainable development and the postulates which result from it. Each of the indicators relates to one or more postulates. The indicators are intended to check if Switzerland has developed in the way described in the corresponding postulate. Seventeen "key" indicators have been defined as particularly important (SFSO/ARE/SAEFL, 2005).

MONET is the responsibility of the Swiss Federal Statistical Office and thus enjoys the independence, impartiality and objectivity of official statistics. However, the Federal Office for Spatial Development (ARE), as the coordination platform for Swiss sustainability policy, and the Federal Office for the Environment (FOEN) are also involved in maintaining MONET and in project management.

Indicator systems are also used at sub-national level in cantons and towns. In the last few years, these systems first emerged at a local level. From 2003 onwards, however, the majority of cantons and towns involved joined forces in the "Cercle Indicateurs" under the aegis of the Federal Office for Spatial Development (ARE). Their aim is to harmonize their systems as the only means of ensuring mutual comparability (Cercle Indicateurs,

2005). This resulted in the definition of core sustainable development indicators for cantons and towns.

The primary function of core indicators is to provide a means of assessing the current situation as regards sustainable development, as well as how it changes over time, from a strategic policy perspective. The most important products of the "Cercle Indicateurs" are a common reference framework for sustainable development and a jointly agreed selection of around 30 core indicators for cantons and towns. The indicators were calculated for the first time in 2005 and will be updated periodically in the future. Furthermore, the participation of a large number of cantons and towns facilitates individual strengths/weaknesses profiles for the cantons and towns concerned, as well as comparisons between them and benchmarking.

In addition to indicator systems at national and subnational levels, Switzerland is committed to the synthetic indicator of the ecological footprint. As the data used to calculate the footprint are drawn from international statistics – something of a political hot potato domestically – the data were verified from the national perspective in 2006. This verification exercise provided evidence that the data used for the footprint correspond largely with Switzerland's own figures and are also very reliable (Infras, 2006). The findings will encourage broader use of the ecological footprint concept by public and private bodies alike.

Internal and external auditing

Switzerland's administration produces an annual report on the implementation of the Federal Council's Sustainable Development Strategy. This report is distributed to a variety of target groups within the administration itself and in the political and public spheres, and is also published on the Internet so that it is available to all. It has two parts: A technical report, aimed at specialists, which provides a great deal of detailed information on the implementation of the 22 measures contained in the strategy, and a synthesis section, for a broader audience interested in a summary of the findings. These reports, which are akin to *internal audits*, are part of the ongoing observation of strategy implementation (execution monitoring). They are also controlling activities, in that they allow the way in which the strategy is being executed to be adjusted if necessary.

There is also a periodic external evaluation by independent experts. The most recent such review, conducted by Interface/Evaluanda, was held in 2006 in connection with the planned revision of sustainability strategy in 2007. It may be regarded as an *external audit*, and covers the strategy process, content and products (outputs), outcomes and impacts aspects.

Both the annual internal implementation reports produced by the administration and the periodic external evaluations are generally qualitative in nature, their arguments put forward in verbal form. Quantitative indicators are the exception. This is because the great majority of the measures laid down in Switzerland's sustainability strategy are very specific, and the data that would be required for quantitative monitoring are available in only a few cases. That said, the administration's 2006 implementation report includes MONET-style indicator-based monitoring for the first time (ISDC, 2006). In line with the nature of MONET, however, the indicators are used primarily to give a general analysis of the situation as regards particular areas of relevance to sustainability. They are not intended to evaluate the strategy process or the impact of the strategy itself.

Switzerland's implementation and evaluation reports are also adapted periodically for submission to international bodies (CSD, UN conferences, European Sustainable Development Network), for the purposes of international monitoring.

Sustainability assessments

In Measure 22 of its Sustainable Development Strategy 2002, the Swiss Federal Council issued a mandate to develop a toolset that could be used at an early stage to assess and refine political projects and activities in terms of sustainable development. In the interim, the Federal Office for Spatial Development has drawn up a strategy and methodological principles for sustainability assessments at federal level (ARE, 2004a).

Sustainability assessment is an evaluation and optimization methodology that aims to strengthen the role of sustainable development by making it an integral and cross-sectoral part of policy planning and decision-making. It evaluates the social, economic and environmental ramifications of the federal government's projects and activities, revealing where objectives conflict and seeking ways to optimize the situation as early as possible. The core of the methodology is a systematic identification of a political project's effects, both direct and indirect and desired and undesired. The tool's main goal and primary feature is the creation of transparency through an understandable and integral assessment or evaluation of impact. It is also intended as a means of developing suggestions for improvement and optimization and of introducing additional options.

The conceptual framework is based on three main steps:

1. The *relevance analysis* is a simple way of establishing a project's sustainability relevance.
2. An *impact analysis* can be more or less detailed, as needed, and evaluates a project's impact on the three sustainability dimensions; it also analyses where objectives conflict with one another.
3. The *assessment* uses specific criteria to determine a project's impact, such as whether irreversible changes might be set in motion. Finally, a report documents optimization options for decision-makers in a transparent and easy-to-understand fashion.

A sustainability assessment involves the evaluation of projects and activities using the 15 sustainability criteria contained in the Federal Council's Sustainable Development Strategy, or using the rather more extensive and detailed 27 criteria laid down by ISDC, the interdepartmental sustainable development committee. These criteria apply in cases where sectoral policy has not yet developed its own sector-specific sustainability criteria and indicators. Dedicated criteria and indicators are encouraged, and certain sectoral policies, such as agricultural, transport and spatial planning policy, have already made significant progress here. The general criteria sets mentioned above are the starting point from which sector-specific criteria are derived and with which they must be compatible.

In the main, sustainability assessments should be deployed in parallel with the development of a law or particular project in order to identify and exploit optimization and improvement potential. They may nonetheless also be conducted *ex post* in the form of an evaluation.

To date, the Swiss government has refrained from making sustainability assessments mandatory across the board. Rather, it determined that practical experience should be

gained from conducting sustainability assessments on specific projects. In particular, certain questions relating to the structure of the process (especially authorities, responsibilities and those concerned) remain unresolved and must be examined in greater detail. Practical trials that have been conducted in the past have always been lead-managed by the administrative agency responsible for the project. Other parties, both inside and outside the administration, were brought in according to need or the available resources. In some cases, the actual assessment was conducted by the administration itself, in others by external experts. Similarly, the resulting sustainability reports were produced in some cases as *internal audits* and in others as independent *external audits*.

Given that there is still no general statutory obligation to conduct a sustainability assessment, the broader application of this methodology will be driven via two channels. Firstly, sustainability assessments are already widely used where agricultural and transport policies are concerned and are being refined continuously. In both sectors, a statutory obligation already exists. Secondly, sustainability assessment methodology is being applied to other policy sectors in a context-specific fashion. For example, work is currently being done on integrating sustainability assessments into Switzerland's most important spatial planning instrument, the cantonal structural plans.

Sustainability assessments are also being pursued at cantonal and municipal level (ARE, 2004b; BVE, 2004). In the same way as the "Cercle Indicateurs" described above, efforts are underway to bring what were once local methods and instruments more closely into line with each other and with national sustainability assessment methods.

Evaluation of Local Agenda processes

Where the evaluation of *Local Agenda 21* sustainability processes is concerned, a national overview is updated annually and published on the Internet. Quality criteria have also been defined (ARE, 2005). Designed to provide cantons, regions and municipalities with recommendations and support, these standards can also be applied to evaluating processes. Furthermore, they include a guide to specific existing instruments that can be used for the concrete evaluation of individual aspects of quality criteria.

Conclusions

Overall, with regard to monitoring the Sustainability Strategy in Switzerland:

- 1) *Indicator-based monitoring* is used for a general analysis of the situation;
- 2) *Internal reviews*, which are usually qualitative in nature and present their arguments in verbal form, are used for periodic reporting about the implementation of sustainability strategy and for sustainability assessments at sectoral policy and project level;
- 3) *External audits* are conducted periodically as evaluations of sustainability strategy, as well as to some extent as sustainability assessments at sectoral policy and project level;
- 4) For the purposes of *international monitoring*, internal reports and external audits of strategy implementation are adapted periodically for submission to international bodies;

- 5) *Local monitoring* of Agenda processes is carried out on the basis of continuous monitoring of Local Agenda processes and defined quality standards.

Other possible types of strategy monitoring and evaluation have not been used in Switzerland to date:

- 1) No *parliamentary reviews* have ever been held because, in practical terms, sustainability policy has up to now been very much a matter for the administration, with little involvement on the part of parliament;
- 2) There have been no *budgetary reviews*, because it has so far not been possible to involve the Federal Department of Finance in sustainability policy to more than a marginal degree;
- 3) Although *peer reviews* have been held for various sectoral policies in an OECD context, there has never been a peer review of sustainability strategy. Limited staff and financial resources at the administrative agencies concerned are the main reason for this. (In the 2006 OECD Environment Review of Switzerland, sustainable development strategy implementation was investigated to a marginal extent only).

The complexity of the challenge is such that it essentially demands a combination of different yet closely coordinated approaches. Some of these approaches are vital and indispensable, as they are part of the basic toolkit for any sustainability assessment. Others, meanwhile, may be regarded as higher levels of assessment – they are desirable, but useful only under certain circumstances. The essential toolkit includes the following approaches, among others:

- 1) In our view, *indicator-based monitoring* is indispensable in drawing up a general assessment of the situation, but less suitable for evaluating strategy implementation. This is because the measures involved in the latter are usually so specific that no quantitative monitoring data exists. Furthermore, statements on outcomes and impacts require in-depth qualitative analysis which cannot generally be performed using indicators. The use of quantitative indicators in assessments of the sustainability of individual projects or activities has also proven to be extremely difficult.
- 2) *Internal reviews* are generally necessary and useful in a broad field of application, for example as a monitoring and controlling instrument in strategy implementation, as well as in SAs of sectors or projects. They are usually relatively easy to conduct in terms of organisation and the required resources. They are, however, an absolutely indispensable means of permanently maintaining the commitment and interest of the administrative agencies concerned. What's more, in many cases detailed technical information or specific specialist knowledge can only be provided internally. That said, internal reviews are not enough in themselves, because they frequently lack objectivity and an unprejudiced view.
- 3) The high level of independence and objectivity of *external audits* make them valuable in terms of both general strategy evaluation and sustainability assessments of sectoral policies or particular projects. However, organisational and resource-related grounds mean that they are probably used only sporadically. They should be constructive, iterative and conducted in a spirit of positive cooperation with the administrative agencies concerned, otherwise there is the danger that the findings will simply be suppressed by those they target and the audit will be nothing more than a paper tiger.

- 4) *International monitoring* can be conducted periodically on the basis of or as a complement to internal and external reviews. It is a useful means to involve the government. By permitting international benchmarking, it is a key incentive to improving national sustainability policy.
- 5) *Local monitoring* is something that we do in Switzerland because vertical integration, and thus also the local level, is regarded as important in sustainability policy. This view may be a product of Switzerland's decentralised and federalist political system. Here again, benchmarking is an incentive to improve local Agenda 21 initiatives.

From our perspective, approaches which are desirable but useful only under certain circumstances include the following:

- 1) Because of the time and cost involved, national *peer reviews* make sense only rarely, every couple of years, where there is particular reason, *e.g.* prior to a strategy revision. They are of value only when the considerable necessary resources can genuinely be made available, and the outlay is worthwhile only where there is the corresponding political commitment at higher levels of administration and government.
- 2) *Budgetary reviews* would be an interesting instrument in themselves, but would require an understanding of and commitment to sustainability issues on the part of the Federal Department of Finance. If these requirements are not met, the instrument would be ineffective or even counter-productive.
- 3) The same applies to *parliamentary reviews*. Interests in parliament are often short-term and party-based. Consequently, there can be no assurance that parliamentary reviews will help to mobilise sustainability policy in a positive way.

With regard to who carries out the various reviews:

- 1) We have entrusted *indicator-based monitoring* for general situation analysis to the Swiss Federal Statistical Office, and the results have been very positive. The SFSO has the independence necessary for objective monitoring that is both free of party interests and, what is more, statistically sound. At the sectoral policy level, however, specialist knowledge is needed, and this may mean that sustainability assessments are better carried out by those responsible for the sectoral policy in question.
- 2) *Internal reviews* at general strategy assessment level are better carried out by a specialist national sustainable development unit, albeit in cooperation with a horizontal coordination body. In Switzerland's case, this coordination function is performed by ISDC. The sustainability unit offers the highest degree of sustainability expertise, while the involvement of other government agencies secures the specialist sectoral policy knowledge that is also required. Where sectoral policy is concerned, however, it makes more sense for those responsible for the relevant policy to conduct the sustainability assessments. The sustainability unit and other stakeholders must nonetheless also be involved.
- 3) *External audits* must be conducted by persons or institutions which can combine evaluation skills with a knowledge of sustainable development. It is almost impossible to make a general statement about the sort of people or bodies who satisfy these conditions, as this depends heavily on the prevailing political and administrative systems. At present, Switzerland has no institution which can perform

this task. External experts are therefore commissioned to perform such external audits on a case-by-case basis.

- 4) *International monitoring*, i.e. reporting, must be carried out between individual nations and organised appropriately along the same lines as internal reviews.
- 5) *Local monitoring* can be carried out for Local Agenda 21 projects by government agencies or implementation bodies appointed by them. The assessment of individual Local Agenda 21 projects must involve the parties and stakeholders concerned.
- 6) *National peer reviews* ought to be headed by the sustainability unit of the country under scrutiny or that unit's superior political body. The assessment is conducted by peers from the administrations or other appropriate spheres of other countries. A specialist secretariat might be set up within the administration itself or outsourced.
- 7) *Budgetary reviews* should be conducted by persons or agencies which are able to cast a competent and impartial eye over a budget from the point of view of sustainable development. It remains to be seen whether such reviews are better done within or outside the Federal Department of Finance.
- 8) *Parliamentary reviews* may be carried out by existing political commissions with an affinity for sustainable development, e.g. those which handle matters of the environment or international cooperation. Alternatively, where one exists, they might be conducted by a dedicated sustainability commission.

Political mandates are required as a basis for the development of approaches to monitoring. A national sustainability strategy, in particular, provides a suitable foundation for issuing such a mandate and renewing it from time to time.

International recommendations are also helpful, as are international sustainability evaluation initiatives or forums for mutual exchange. These can encourage the readiness and will of individual states to put sustainability assessment into practice. The OECD and UNCSD should ensure an ongoing debate about sustainability monitoring and evaluation. They should also issue regularly updated recommendations in order to keep the issue on the political agenda. Bodies such as the European Sustainable Development Network should also attach an appropriate degree of importance to discussion and exchange on sustainability assessment.

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