

Introduction

Environmental resources and services are vital contributors to economic growth and people's well-being. This is particularly the case in developing countries, where natural resources sectors (agriculture, mining, forestry, fisheries and nature-based tourism) often are the engines of economic growth. It is estimated that natural capital accounts for 26% of total wealth in low-income countries, compared to only 2% in industrialised countries (OECD, 2008a). The condition of soil, water, forests and fisheries therefore has a direct impact on commercial and subsistence activities, as well as on livelihoods. The natural resource base is also an important source of employment and income for the poor, and provides a valuable safety net, providing supplementary income and food in times of crisis.

Economic growth is essential for eliminating poverty, but historically economies have grown by making inefficient use of natural resources. This model of growth is no longer viable in a world facing the pressures of expanding populations, climate change and increasing risks of food shortages. Meeting these challenges, while also reducing poverty, requires a focus on the stock of natural resources as well as the flow of economic ones. Growth in the latter depends on the health of the former. This is the rationale behind the OECD's Green Growth Strategy (OECD, 2011), which provides a framework for integrating economic growth and development, while ensuring that natural assets continue to provide the resources and environmental services on which well-being relies.

This guidance focuses on a crucial element of the greening development approach: enhancing capacity for better environmental management and governance in developing countries. The global nature of many environmental problems means that the collective efforts of all nations are needed to resolve them. Developing countries are particularly important in meeting this objective because these countries will increasingly be sources of economic and population growth, bringing new pressures on the environment, contributing to future climate change and biodiversity loss. When building capacity for environmental integration in developing countries, it is important to keep in mind that:

- Many developing countries are particularly vulnerable to natural events such as drought or flooding. It is also expected that they will be more affected by the impacts of climate change.
- A large proportion of the population in developing countries is engaged in informal economic sectors such as agriculture, forestry and fishery. Integrating them in green development strategies primarily structured around national planning processes can be a challenge.
- Most developing countries have an established practice of formulating multi-year national development plans that outline the country's economic, structural and social policies. Such governmental practice can be an attractive vehicle for systematically incorporating greening development perspectives into existing plans and an opportunity for transformation if commitment exists among senior officials to revisit drivers of development.

- Similarly, development support providers have a long record in assisting developing countries in formulating, and in some cases also implementing, their development strategies. This established repertoire makes them well placed for assisting developing countries in building their capacity for greening development.

Capacity: A pre-condition for greening development

Environmental management first came on the international agenda in 1972 when the United Nations convened the Conference on the Human Environment in Stockholm, Sweden. This event marked a turning point in increasing political and public awareness of global environmental issues and laid the foundation for environmental action at the international level. The publication of the 1987 Brundtland Report was another milestone. It called for careful integration of three elements in order to achieve sustainable development: economic competitiveness, social development and environmental protection. The impact of improved environmental quality and sustainable management of natural resources on poverty reduction was further established at the 1992 Rio Earth Summit on Sustainable Development.

Despite growing awareness of the intrinsic link between natural resource management and sustainable development, the natural resource base continues to deteriorate in many parts of the world. Over the years, developing countries, with assistance from development support providers, have made substantial efforts to build and improve their capacity to manage the natural resource base. However, the integration of environmental considerations into national planning, public financial management and core economic systems remains limited.

It is clear that a new approach to capacity development for environmental management and governance is required. This approach needs to consider the ability of stakeholders to monitor changes in the natural environment through green accounting; to implement regulations and create price signals to create behavioural incentives; and to reform environmental fiscal systems that encourage an optimal level of resource consumption.

This approach goes beyond the traditional focus on environment ministries and their role in environmental protection; it includes finance, planning and sector ministries as well as non-governmental actors such as civil society and the private sector. Environmental management and governance must be linked to the overall development agenda and in particular to emerging priorities such as climate change and biodiversity loss. Finally, this approach is intended to support developing countries to engage meaningfully in the negotiation and implementation of multilateral environmental agreements (MEAs), such as the United Nations Framework Convention on Climate Change (UNFCCC).

Successful capacity development for greening the national development planning process, the national budgetary process and key economic sector strategies still largely depends on extensive and sustained assistance from development support providers, whether it is through development co-operation agencies or through their counterpart national environmental ministries or agencies. Given the complex and systemic challenge of greening the development processes, capacity needs are comprehensive and diverse. Development support providers need to evaluate, build and strengthen their own capacities in providing such support to meet current and future environmental management challenges in developing countries.

In this context, the term “development support provider” includes both multilateral and bilateral development co-operation agencies and environment agencies at national and international levels. Some environment agencies in OECD countries have international

programmes that provide technical assistance to their counterparts in developing countries. A large share of that technical assistance has been aimed at achieving capacity development for environmental management and governance.

To achieve these goals, this guidance outlines an integrated and systematic approach to capacity development. It is located within the wider context of the aid effectiveness agenda. The 2005 Paris Declaration for Aid Effectiveness commits development support providers to strengthening developing countries' own systems, defined as “national arrangements and procedures for public financial management, accounting, auditing, procurement, environmental and social assessment, result frameworks and monitoring” (OECD, 2005). The Accra Agenda for Action further strengthens this commitment through the Global Partnership on Country Systems, which aims to accelerate the use of country systems by development support providers, to strengthen and reform country systems when needed, and when possible to involve a greater number of stakeholders (OECD, 2008b). On this basis, this guidance advocates using country systems when implementing capacity development initiatives.

What does this guidance aim to achieve?

The guidance focuses on three levels: that of the individual, the organisation and the enabling environment. It provides practical recommendations on how to develop capacity for greening development through integration of environmental concerns into policy frameworks and budgetary processes. Recognising the different country contexts, this guidance advocates an iterative approach to strengthening country systems for the management of natural resources and the environment.

It aims to:

- Promote an understanding of what is meant by environmental integration into national development planning, national budget processes and key economic sectors in meeting the objectives of greening development.
- Identify the capacities needed by developing countries to implement programmes and initiatives to carry out such environmental integration, and suggest a framework to build necessary capacities.
- Review the capacities required by development support providers to assist developing countries with capacity building for environmental integration.

Sustainable environmental management is a long-term process that requires the active involvement of all stakeholders from both the public and private sectors, from non-governmental organisations (NGOs) and associations. However, the focus of this guidance is on capacity development in the public sector only. Where relevant, experience from the private sector is also discussed. The guidance is not restricted to formal national planning processes such as Poverty Reduction Strategy Papers (PRSPs) or National Plans, but extends to public financial management (the budget process in particular) and key economic sectors.

Who is this guidance for?

This guidance is relevant to environment and development co-operation officials in both countries providing support and in developing countries. To developing countries, the guidance offers advice to staff at the ministry of environment, as well as officials from agencies and other ministries such as finance, planning and sector ministries. It outlines the challenges of capacity development for greening development, the country systems

targeted and the actors involved. It also provides a framework that suggests how developing countries can overcome the challenges identified.

In countries providing development support, the intended audience includes senior headquarters-based officials responsible for assisting developing countries in building capacities for greening development; technical officials responsible for designing and monitoring environmental support programmes; and country-based officials responsible for direct liaison with developing country officials. The guidance is also targeted at development and environment agencies concerned with their own internal capacity to effectively provide support to developing countries on capacity building for environmental management.

Structure of this guidance

The remainder of this guidance is divided into five chapters. Chapter 1 sets the scene for this guidance – new approaches in both development assistance and environment management which bring the role of capacity development to centre stage. It outlines the central concept of, and need for, capacity development for greening development at the *i)* individual, *ii)* organisational and *iii)* enabling environment levels. It presents a five-step framework for assessing and responding to capacity needs for greening development – a framework which guides the next three chapters.

Chapters 2, 3 and 4 apply the framework to guide developing countries, with assistance from development support providers, in enhancing their capacity for greening national planning processes (Chapter 2), national budgetary processes (Chapter 3) and key economic sectors (Chapter 4). Together, they provide an overview of the challenges, capacity needs and possible entry points for capacity development for greening development as proposed in Chapter 1. Chapter 5 then outlines a framework for enhancing the capacity of development support providers themselves – at the levels of the enabling environment, organisation and individual staff – to effectively assist developing countries.

References

OECD (Organisation for Economic Co-operation and Development) (2005), *Paris Declaration on Aid Effectiveness*, OECD, Paris.

OECD (2008a), *Natural Resources and Pro-poor Growth: The Economics and Politics*, OECD, Paris.

OECD (2008b), *Accra Agenda for Action*, OECD, Paris.

OECD (2011), *Towards Green Growth*, OECD, Paris.



From:
Greening Development
Enhancing Capacity for Environmental Management and
Governance

Access the complete publication at:
<https://doi.org/10.1787/9789264167896-en>

Please cite this chapter as:

OECD (2012), "Introduction", in *Greening Development: Enhancing Capacity for Environmental Management and Governance*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264167896-4-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.