

Executive summary

A healthy natural environment and the services it provides are fundamental to economic growth and human well-being. This is especially so in developing countries, where natural capital accounts for 26% of total wealth, compared to 2% in industrialised countries. Economic growth based on the unsustainable use of natural resources is no longer viable in a world facing the pressures of a growing population, climate change and increasing risks of food shortages. The OECD's Green Growth Strategy, released in 2011, provides a framework for growth that allows natural assets to continue to provide the resources and environmental services on which well-being relies.

Moving to a greener development path requires incorporating the environment into every aspect of the national planning and budgeting process. A key obstacle for many developing countries in meeting this objective is a lack of capacity for identifying environmental challenges and priorities and their implications for development, formulating policy responses and implementing strategies. There are many dimensions to this challenge – the lack of capacity to monitor and collect information on environmental degradation, for environmental risk assessment, to make the economic case for greening development, for cross-sectoral co-ordination, and for environmental fiscal reform.

Putting the environment on everyone's agenda calls for innovative approaches to engage all stakeholders who shape policy development and investment decisions. This guidance provides development support providers and developing countries with a practical approach to capacity development for greening development. It 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. It also considers the capacities needed by development support providers themselves to be able to provide assistance to countries wishing to green their development path. The approach is cyclical – capacity development is a long process and regular reviews are necessary to monitor progress and feed back into the process. Developing country contexts vary tremendously, calling for flexibility in how the approach is applied.

The cross-cutting nature of the environment demands innovative approaches that shape policy development and investment decisions and make stakeholders aware of the important contribution of sustainable natural resources to development. Achieving this requires a broad range of skills and knowledge among individuals and organisations and an enabling environment that supports this process (*e.g.* international regimes, national policies, rule of law, accountability and transparency).

Within this framework, more specific interventions for greening development include:

- *Use multi-year development planning processes.* Multi-year development planning processes are common in many developing countries. These are an attractive vehicle for systematically incorporating green growth and green development into the national and sectoral planning and budgetary allocations. The capacity needed

for fulfilling this potential is mainly about effective governance, institutional mechanisms to provide environmental input into the national development planning process, and the skills for framing environmental issues in the language of the policy maker and other stakeholders.

- *Develop key actors' technical skills.* Environment ministries must have the skills to compete for national resources in the shift from project funding to funds which are pooled in sector or national budgets. Ministries will need to be able to argue the case for the environment in terms that budget planners can understand, *i.e.* presenting the costs and benefits of specific actions within technically sound budget submissions. This requires a good understanding of the different stages of the budget cycle.
- *Encourage the participation of non-government actors.* The active participation of those outside the government creates accountability, facilitates learning and enshrines citizens' rights of engagement in planning processes. This participation should go beyond simple consultation to real engagement – a process that requires a range of organisational and individual capacities.
- *Build functional and technical skills.* Focus on building, firstly, functional capacities, such as a good understanding of the basic elements of the national planning process, including who provides input and participates in deliberations, how and when; and secondly, technical capacities, such as for collecting robust analytical data to support the case for integrating the environment into national development plans.
- *Plan and target efforts carefully.* Plan for the long haul, but target early efforts to where the most difference can be made – seeking out and building relationships with “champions”, and exploiting win-win opportunities.

Development support providers – bilateral and multilateral development co-operation agencies and environment agencies at national and international levels – can play an important role in helping build these capacities. Overall, the process should be guided by the principles of the aid effectiveness agenda to which most development support providers are committed. More effective development support can be achieved by ensuring greater ownership and leadership by developing countries and greater interest by development support providers in using and strengthening developing countries' own financial and planning systems. These processes are themselves a way of building capacity.

At the same time, development support providers also need to evaluate, build and strengthen their own capacities to provide effective support to developing countries heading along the green development path. The final chapter of this guidance offers some recommendations for how development support providers can deliver better capacity building for greening development:

- *View capacity development for the environment as underpinning all development support.* Capacity development for environmental management must be seen as a cross-cutting strategic issue. Capacity development therefore must never be an afterthought, but rather a focal point at all levels of design, implementation and valuation.
- *Collaborate across domestic agencies.* When possible, development co-operation agencies should work with their counterparts in the environment agency or ministry to exploit the comparative advantages of different agencies.
- *Harmonise approaches among development support providers.* Given the large number of development and environment agencies operating in developing countries,

a well-coordinated and harmonised development support approach is necessary in order to ensure effective programme delivery, facilitate exchange of information, and avoid duplicated efforts.

- *Nurture local ownership.* A successful capacity development programme needs to be aligned with the environmental priorities of the developing country in order to secure ownership, oversight and management of the support.
- *Focus on results.* Development support providers need to monitor and evaluate their activities. This will enable them to incorporate lessons learned into subsequent activities and identify new and emerging environmental issues that need to be addressed.
- *Implement best practice guidelines.* These guidelines could help development support providers to understand key principles and tools required in delivering effective support for capacity development for greening national systems.
- *Reflect and learn.* Development support providers need to assess their own capacity needs required in order to effectively provide support to developing countries on enhanced capacity for environmental governance.

Moving forward on this agenda, a concerted effort is required from support providers and developing countries to enhance capacity for greening development. This is a long-term commitment, but one that can build on the lessons that have already been learned on capacity development and the insights from the wider aid effectiveness agenda.