



Sustainable development strategies What are they and how can development co-operation agencies support them?

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Introduction

The High Level Meeting of the OECD Development Assistance Committee (DAC) in April 2001 endorsed new policy guidance on good practice in developing and implementing strategies for sustainable development¹. While the guidance focuses on the experience of developing countries, many of the issues covered and lessons drawn are also of relevance to developed countries. These policy guidelines are intended to provide a basis for broader international discussions and agreement, notably at the World Summit on Sustainable Development in Johannesburg in September 2002. This *Policy Brief* outlines the background to the policy guidance and summarises its key findings and recommendations. ■

1. The DAC also endorsed three related Guidelines, on conflict prevention, capacity development for trade and poverty reduction.

The Rio Summit set sustainable development as the guiding vision. At that meeting, countries agreed to develop national sustainable development strategies. To date, however, there has been no clear guidance as to what such strategies really are. The DAC has worked to clarify this issue. A key finding is that sustainable development strategies actually take a variety of forms. How they are presented and labelled does not matter. Established frameworks such as National Environmental Plan, National Vision, National Agenda 21 or Poverty Reduction Strategies can all provide a good basis for moving towards sustainable development. A few key principles underpinning successful approaches can be identified. Recent international initiatives, focusing on the goal of reducing poverty, provide important opportunities to put these principles into practice. Donors have a key role to play in this regard.

What is “sustainable development”?

In simple terms, sustainable development means integrating the economic, social and environmental objectives of society, in order to maximise human well-being in the present without compromising the ability of future generations to meet their needs. This means seeking mutually supportive approaches whenever possible, and making trade-offs where necessary. The pursuit of sustainable development thus requires improving the coherence and complementarity of policies across a wide range of sectors, to respond to the complex development challenges ahead. (See Box 1).

The “Earth Summit”, held in Rio in 1992, established sustainable devel-

opment as the guiding vision for the development efforts of all countries. Governments also undertook to formulate and implement national sustainable development strategies. These were envisaged to be highly participatory instruments intended “to ensure socially responsible economic development while protecting the resource base and the environment for the benefit of future generations”. The Rio commitments were reaffirmed most recently in the United Nations Millennium Declaration. ■

Do countries agree on what is “sustainable”?

There can be no “one size fits all” approach to sustainable develop-

ment. Each country must chart its own course, in line with its culture, history, social and economic priorities, and prevailing institutions and political structures. The environmental challenges faced by different countries, which reflect geographical, ecological and climatic factors, are also very diverse and translate into highly differentiated constraints, opportunities and priorities. This is why there are many interpretations of sustainable development. But some critical sustainable development challenges are global. Preserving the global climate or the ozone layer, for example, requires collaboration by all countries and concrete responses at the local, national and international levels. ■

Box 1: Key challenges to sustainable development in developing countries

- **Extreme poverty** still ravages the lives of one out of every five persons in the developing world. The social ills associated with poverty, including diseases, family breakdown, crime and the use of narcotic drugs, are on the rise in many countries.
- **Political instability**, sometimes leading to violent conflict, hinders socio-economic progress in many countries and regions. Growing inequality of income both within and between countries as well as the marginalisation of ethnic and other minorities contribute to this instability.
- **Environmental deterioration** continues to increase. Natural resource depletion (soil erosion; loss of forests, habitats, and biodiversity; and depletion of fish stocks) and pollution are serious problems in most countries. Current patterns of production and consumption all raise questions about the continued capacity of the earth's natural resource base to feed and sustain a growing population.
- **The threat of climate change.** Developing countries are expected to be the most vulnerable to the impacts of global climate change. The least developed among them are the most at risk, although their current contribution to the problem is very small.
- **Population growth** is expected to exacerbate these pressures, although it is people's consumption levels that matter more than their mere numbers. Over 95% of the estimated increase of 2 billion people over the next twenty years will live in the developing world.
- **HIV-AIDS and malaria** are particularly serious diseases, which erode the productive capacity and social fabric of nations. In the worst affected countries, HIV has already had a profound impact on existing rates of infant, child and maternal mortality.
- **Marginalisation.** Many countries are struggling under the combined weight of slow economic growth, a heavy external debt burden, corruption, violent conflict and food insecurity. They also suffer from actions taken in OECD countries, such as trade protection. As a result, they are increasingly marginalised from the global economy.

What will it take to get there?

Moving towards sustainable development will require deep structural changes in all areas of economic, social and political life. This will include, for example, reforming fiscal policies which negatively affect the poor or promote environmental damage. Issues of inequity and inequality of access to assets and resources must be confronted. In the longer term, countries will have to ensure that their net wealth (including natural, manmade and human capital) remains constant or increases. This will mean ensuring that market prices reflect the full social and environmental costs of production and consumption.

There can also be conflicts between global, national and local sustainable development priorities, especially in the short term. For example, the conservation of global biodiversity requires the preservation of natural habitats, while the need to feed growing populations may encourage their conversion to monocrop agriculture. All countries will be confronted with hard choices.

Reaching agreement on how to address sustainable development challenges requires a degree of pluralism and mechanisms for confronting diverging interests and points of view among different social groups. The ability to tackle the challenge of sustainable development thus hinges on factors such as peace and security, political systems, institutional arrangements and cultural norms. Pursuing sustainable development is therefore essentially a task of transforming governance. ■

What is a sustainable development strategy?

Integrating social, economic and environmental objectives, taking account of their implications for different socio-economic groups and for future generations, poses many technical and political difficulties. Such complex challenges cannot be tackled on an ad hoc or piecemeal basis.

First, countries need to have a vision of progress and where they want to go in the future. Such a vision must reflect the country's history and core values and be widely shared among the public as well as economic and other actors across the political spectrum. They also need multi-stakeholder fora (including representatives of government, business, labour and civil society) to examine available policy options and translate the broad vision into specific short and long-term objectives at the national and local levels.

Mechanisms for cross-sectoral policy integration are essential to examine the interaction between policy decisions taken at different levels and in different sectors and their implications for different socio-economic groups. These must provide for the active participation of civil society and private sector stakeholders in policy formulation and planning at various levels.

Last but not least, a capacity to monitor current social, economic and environmental conditions and likely future trends, is necessary to be able to assess options and constraints, define realistic objectives,

monitor progress towards agreed goals and identify necessary changes of course.

Taken together, these elements form the basis of a sustainable development strategy. In other words, a strategy is not a "grand plan" or set of plans, but rather a set of instruments and ways of working which enable sustainable development challenges to be tackled in a coherent and dynamic way.

Based on a comprehensive review of experience in developing and developed countries, the DAC has sought to clarify the principles underlying effective national and local strategies for sustainable development. These are summarised in Box 2. ■

What benefits will sustainable development strategies bring?

Many of these new ways of working will entail additional costs. Engaging civil society and private sector stakeholders in planning and decision-making, for example, is costly and takes time. But the long-term benefits far outweigh the costs. Overcoming initial mistrust among these different stakeholders is often the main stumbling block. Once it is overcome, the benefits of broad participation are clear. They include, in particular, a more realistic assessment of policy and investment options. This improves the chances of inappropriate or ineffective approaches being identified and corrected early on, leading to sounder investment decisions. Participation also helps mobilise stakeholders around agreed objectives and secure

the resources (financial, human, land, local knowledge) needed to carry out development initiatives. Last but not least, it helps identify conflicts among different groups of stakeholders and prevent those dif-

ferences degenerating into counter-productive confrontations or even violence.

Recent experience with major development initiatives, such as large-

scale dams, provides dramatic illustrations of the risks of top-down decision-making and the high costs of conflicts. In most countries, technocratic approaches to development are simply no longer viable.

Box 2: Key principles of sustainable development strategies

These principles represent a set of desirable features of sustainable development strategies.

- **Country-led and nationally-owned.** Countries must take the lead and initiative in developing their own strategies. Sustainable development strategies cannot emerge from outside pressures.
 - **Rooted in a vision** of long-term development. The vision should reflect a consensus among social, economic and political stakeholders across the political spectrum. High-level government commitment to the vision is also essential.
 - **Defined through a participatory process**, involving civil society, the private sector and political stakeholders to open up debate, expose issues to be addressed, and build consensus and political support on action.
 - **Based on a solid analytical basis**, taking account also of relevant regional issues, including a comprehensive review of the present situation and forecasts of trends and risks, including those beyond the country's control. Such analysis depends on credible and reliable information on changing environmental, social and economic conditions, pressures and responses, and their implications for strategy objectives and indicators.
 - **Focused on ensuring sustained beneficial impacts on disadvantaged and marginalised groups**, notably the poor.
 - **Comprehensive and integrated.** Strategies should seek to integrate economic, social and environmental objectives through mutually supportive policies. But where integration cannot be achieved, and hard choices have to be made, they should be negotiated in a transparent and participative manner. Ensuring transparency and accountability is therefore essential.
- In developing the strategy key it is essential to:*
- **Build on existing strategies** and processes, rather than adding additional ones, and focus on improving the convergence, complementarity and coherence between different planning frameworks and policies. This requires mechanisms to co-ordinate different processes, and to identify and resolve potential conflicts, as well as good communication and information dissemination with a premium on transparency and accountability.
 - **Set realistic and monitorable targets linked to clear budgetary priorities.** Targets need to be challenging – but realistic in relation to financial and other constraints. The strategy needs to be fully integrated into the budget process to ensure that financial resources are available to translate it into action. Conversely, the formulation of budgets must take account of the priorities highlighted in the strategy.
 - **Identify priority capacity development needs.** This includes taking stock of the institutional, human, scientific and financial capacity of state, market and civil society stakeholders and finding ways to fill gaps.
 - **“Build in” continuous monitoring and improvement from the outset.** This requires developing mechanisms and indicators to track progress, capture lessons from experience, identify necessary changes of course. Local capacities for analysis and existing information should be fully utilised.
 - **Define the roles, responsibilities and relationships** of key participants in strategy processes early on. Governmental, civil society, and private sector stakeholders should agree on the “rules of the game” and be bound to clearly defined standards of behaviour.
 - **Link national and local levels.** Policy-making and planning should involve two-way iterative processes within and between national and decentralised levels of governments. The main strategic principles and directions should be set at the central level but detailed planning, implementation and monitoring would be undertaken at a decentralised level, with appropriate transfer of resources and authority.

Reaching a broad consensus on development plans and programmes is not an option but a precondition for their effective implementation.

Similarly, cross-sectoral policy-making and planning approaches entail additional difficulties but can avoid contradictory decisions across different sectors, reduce duplication of efforts and help identify complementarities. For example, agricultural development plans must take account of policies and plans in such sectors as transport and water supply, while efforts in the area of health must build on initiatives in the areas of environmental management and pollution control. ■

Do we have to launch new strategies from scratch?

No. Introducing a sustainable development strategy need not necessarily mean establishing new processes, new plans or new institutions. In fact, a country may have policies and institutional mechanisms conducive to sustainable development, but no formal sustainable development strategy or document. Conversely, a country may have a formal sustainable development strategy, enshrined in an official document, but which is not actually implemented.

Because the challenges facing countries are different, sustainable development strategies come in all shapes and sizes. A variety of established strategic planning processes, such as national or local “Agenda 21 Plans”, National Conservation Strategies or Poverty Reduction Strategies offer a

useful entry point and can be built upon. The label put on the strategy does not matter. Any strategy that adheres with the principles outlined above and which puts in place the mechanisms and processes necessary for its implementation is a sustainable development strategy. ■

Why should donors be involved?

Donors provide support to developing country partners in a wide variety of sectors and engage in an active dialogue on a wide range of policy and governance issues. Depending on how they go about providing this support, agencies can either strengthen or weaken a country’s strategic planning processes. For example, donors may require a partner country to prepare a new kind of plan or strategy as a condition of assistance, as has too often happened in the past. Different donors may also insist on different rules or procedures. At the same time, donors have a strong interest in ensuring that the resources they provide are used efficiently, are directed towards priority needs and have lasting benefits. The existence of an effective policy-making and planning framework greatly facilitates the provision of external support and its utilisation. Adherence by both donors and partners to the principles in Box 2 will improve the coherence of external assistance efforts thereby enhancing their impact in terms of supporting partners’ efforts towards sustainable development.

In addition, in the context of their assistance programmes, whether at the macro, sectoral or local level, donors have the opportunity to sup-

port the development of many of the building blocks of sustainable development strategies. This includes mechanisms for cross-sectoral co-ordination and planning, information gathering and analytical capacity; capacities for managing multi-stakeholder processes etc. Donors can also provide support specifically aimed at strengthening the capacity of partner countries to put in place the mechanisms and processes for sustainable development and develop capacity for strategic planning. ■

Where do we go from here?

Recent international initiatives, focusing on the goal of reducing poverty, provide important opportunities to put the principles of strategic planning for sustainable development into practice. These include, in particular, (i) the Comprehensive Development Framework (CDF), proposed by the World Bank in 1999; (ii) the Poverty Reduction Strategy Papers (PRSPs), a new approach to cooperation with developing countries endorsed by IMF/World Bank later that year; and (iii) the “National Visions” being developed by some countries. All these frameworks can provide a good basis for moving towards long-term sustainable development.

The CDF, which is being tested in a number of countries, emphasises the need for a holistic approach to development, and highlights the interdependence of social, economic, environmental, governance and financial elements of development. The PRSP approach, which falls within the CDF framework,

aims to strengthen the link between debt relief and poverty reduction². It is based on the principle that the Poverty Reduction Strategies prepared by national authorities should serve as the basis for the provision of financial support by the Bretton Woods institutions. Other international and bilateral development agencies are also encouraged to use the PRSPs to guide their support.

Therefore, there is an important opportunity to promote the integration of environmental and other issues of sustainability into poverty reduction strategies. This will include, for example, making sure that the action plans formulated in response to the Desertification, Climate Change and Biodiversity Conventions are fully integrated in long-term poverty reduction strategies. ■

How do we translate all this into practice?

The success of these initiatives will hinge on development agencies' and partners' ability to honour their respective commitments. For donors, this will imply adapting their assistance programmes to the country's strategic planning frameworks to ensure genuine ownership by partners. This will require changes in the policies, procedures

and capacities of development co-operation agencies. The DAC Guidance on sustainable development strategies provides advice on action that agencies can take to put their commitments into practice and suggests ways of monitoring progress.

For developing country partners, the challenge will be to mobilise stakeholders around long-term development and poverty reduction strategies, taking into account social equity and environmental sustainability dimensions.

Will sustainable development strategies be enough to ensure the achievement of sustainable development? No. In an increasingly globalised world economy, a wide range of policies of developed countries, in such areas as trade, finance, investment and energy, have a major impact on development prospects and options. This applies to impacts on developing countries and globally. For example, many of the poorest countries contribute minimally to greenhouse gas emissions but are at severe risk from climate change. Thus even a sound and effective sustainable development strategy implemented by developing countries can be greatly compromised by external policies and institutions over which they have little or no control. Development

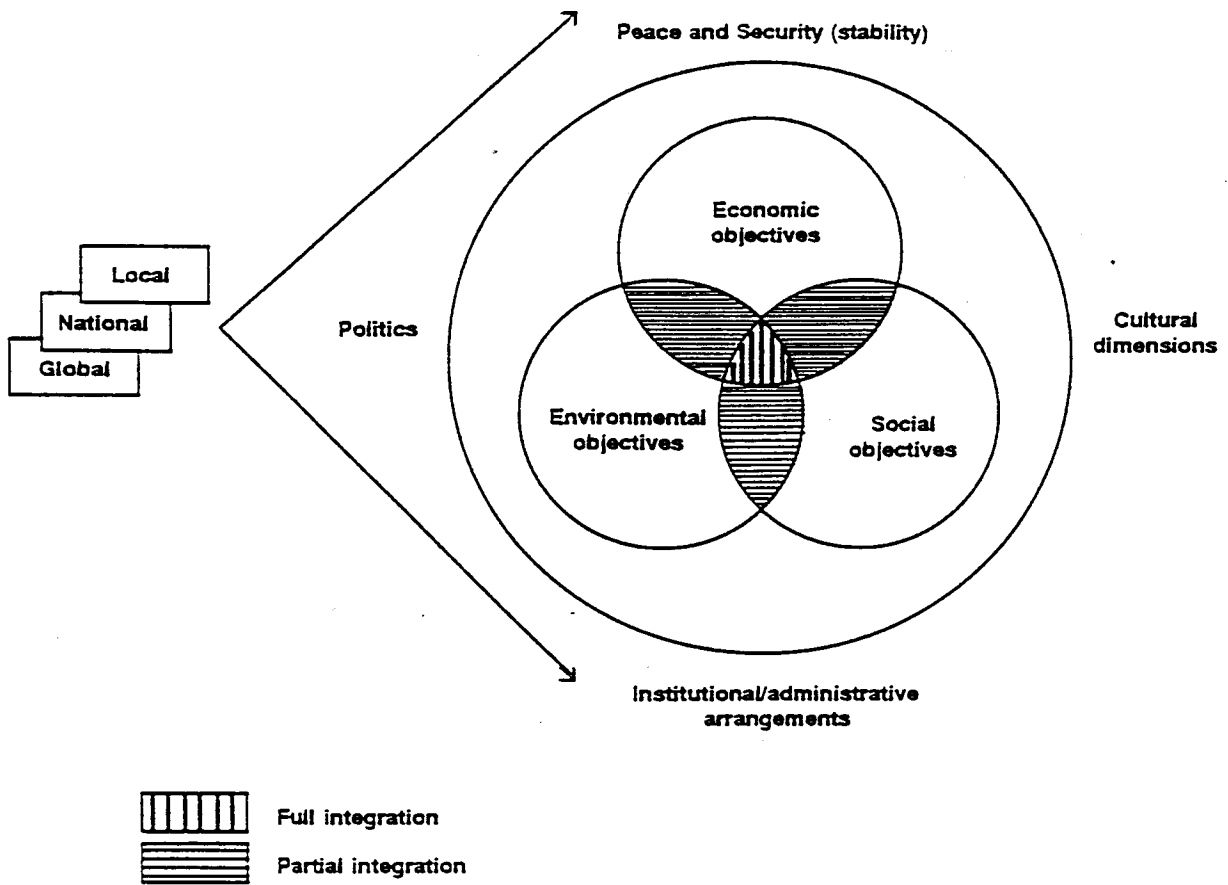
agencies can help by communicating such vulnerabilities to international stakeholders, including the private sector. But broader efforts are needed to enhance the coherence of those policies in OECD countries which affect developing countries. Ongoing OECD efforts in this area thus provide a major opportunity. ■

How was this DAC Policy Guidance prepared?

The DAC Policy Guidance on sustainable development strategies was prepared based on a series of dialogues in Bolivia, Burkina Faso, Ghana, Namibia, Nepal, Pakistan, Tanzania and Thailand. These involved stakeholders from government, the private sector and civil society. It was complemented by a comprehensive review of past and existing strategic planning experiences in OECD and developing countries. An iterative process involving in-country discussions and three international workshops in Tanzania, Thailand and Bolivia, has led to consensus on the key principles and objectives of sustainable development strategies. ■

².. The PRSP initiative is linked to the Heavily Indebted Poor Countries Debt Initiative (HIPC) and the World Bank's Poverty Reduction Support Credit.

The dimensions of sustainable development



Sustainable development will entail integration of objectives where possible; and making trade-offs between objectives where integration is not possible.

Source: Dalal-Clayton *et al.* (1994)

For further reading

- **Strategies for Sustainable Development: Guidance for Development Co-operation**, *Forthcoming* - ISBN: 92-64-19476-2
- **The DAC Guidelines - Poverty Reduction**, *Forthcoming* - ISBN: 92-64-19506-8
- **Environment in the transition to a market economy: Progress in central and eastern Europe and the New Independent States, 1999** ISBN: 92-64-17110-X, Euros58, 248p.
- **Shaping the 21st Century, 1997**
- **UNCED - Agenda 21. United Nations Conference on Environment and Development (UNCED), United Nations General Assembly, New York 1992**
- **Dalal-Clayton et al. (1994): National Sustainable Development Strategies: Experience and Dilemmas Environmental**
- **Planning Issues No.6, International Institute for Environment and Development, London**
- **UN Department of Economic and Social Affairs, Division for Sustainable Development**
Sustainable Development: African Perspectives (2001), co-published with the African Development Bank, Abidjan, Côte d'Ivoire
Sustainable Development: Asian and Pacific Perspectives (1999) co-published with the Asian Development Bank, Manila, Philippines.
Report on the Regional Consultative Meeting on Sustainable Development in Latin America and the Caribbean (Santiago, Chile, 19-21 January 2000).
- **World Bank (1995): National Environmental Strategies: Learning from Experience.** Washington D.C. DAMS
- **Most of these references- and much more- are available on internet at www.nssd.net**

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