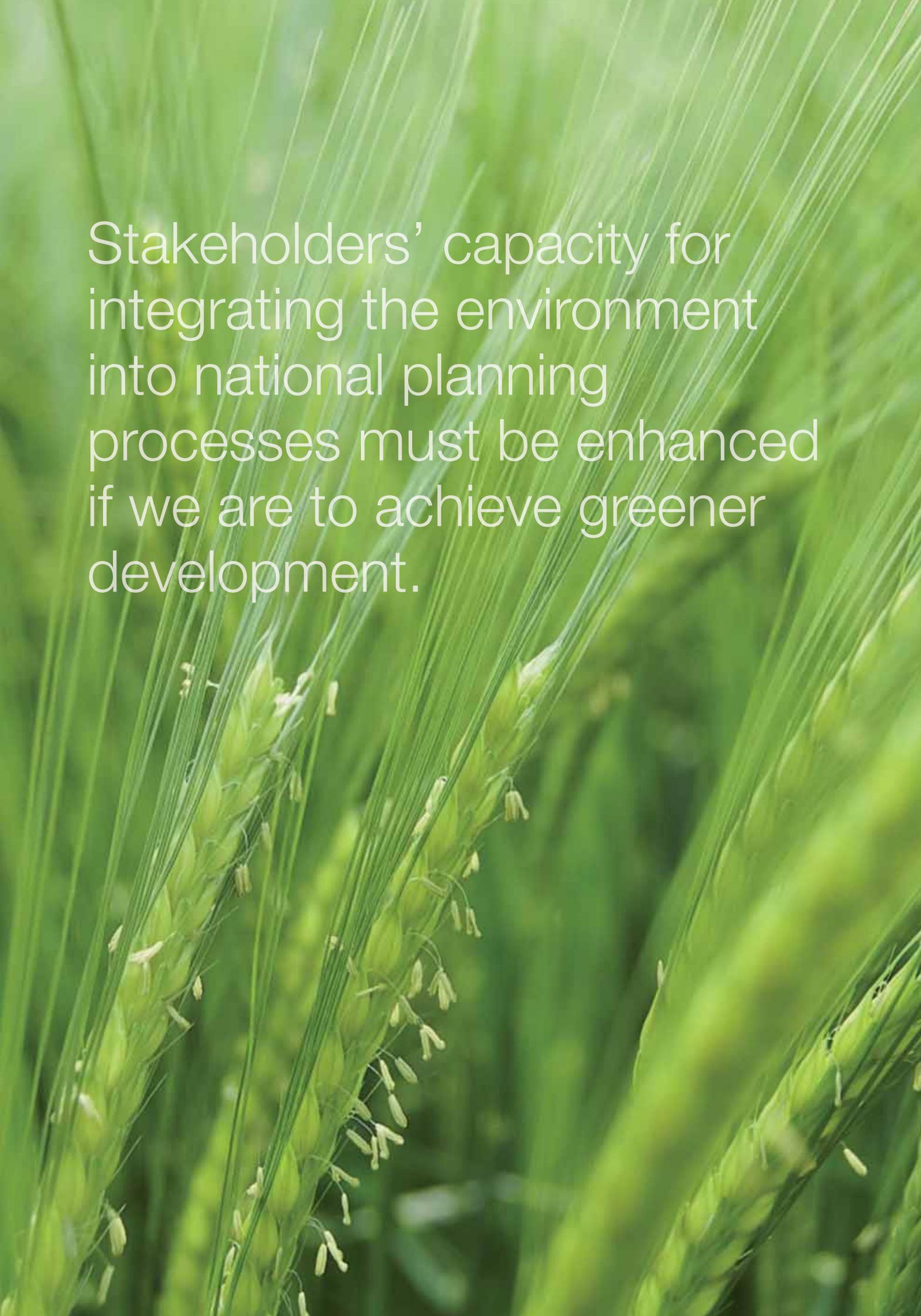




ENHANCING CAPACITY

A basis for greening development

A close-up photograph of several green rice stalks. The stalks are vibrant green and feature long, thin, needle-like panicles that extend upwards. The background is a soft, out-of-focus green, suggesting a field of rice. The lighting is bright and natural, highlighting the texture of the rice grains and the delicate structure of the panicles.

Stakeholders' capacity for integrating the environment into national planning processes must be enhanced if we are to achieve greener development.

Message from the OECD Secretary-General

Sound environmental management is fundamental for green growth, sustainable development and poverty reduction. This core message from the 1992 Rio Earth Summit remains all the more valid today as we prepare for Rio+20.

Emerging-market economies and developing countries are heavily reliant on their endowments of environmental resources. Therefore, improved management of these resources can have huge benefits in terms of industrial production, job creation and incomes, export growth and fiscal revenues. However, despite sustained efforts to promote better and more effective environmental management over several decades, the natural resource base continues to deteriorate in many parts of the world. The greatest impact is felt by developing countries with fewer financial resources to address the challenges of environmental degradation, to adapt to changing environments and to pursue green growth strategies.

To reverse this trend, developing countries and donor agencies have to work together to better integrate environmental issues in their policy reform agendas. Such a strategy can have many advantages and positive policy spill-overs: strengthened capacity for environmental management will empower individuals, organisations and society as a whole, and it can create a more transparent governance of environmental and natural resources. While capacity development for the environment is the responsibility of domestic actors, international donors can play an important role in supporting developing countries.

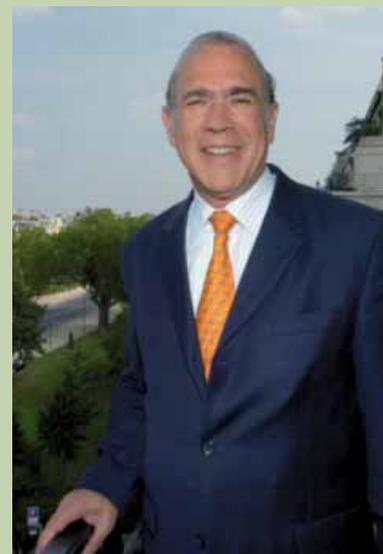
This summary is based on an OECD guidance document titled *Greening Development: Enhancing Capacity for Environmental Management and Governance*. It distils lessons learned from the experience of donors and partner countries in incorporating the environment at the national and sectoral levels. It also reflects a shift from the traditional view of capacity development as a purely technical process to one that recognises the importance of country ownership at different levels in governments and society. Furthermore, it advocates the application of country systems as entry points for capacity development for the environment.

Outlined in this summary are a number of steps to be considered when building capacity for effective integration of environmental issues into national development plans, national budgetary processes and key economic sector strategies. It identifies the key actors to be engaged in decision-making processes, outlines possible capacity needs and suggests how these can be addressed. In addition, it provides recommendations for donors on how they can support partner countries in strengthening capacity development for the environment and what internal capacity donors themselves may need in order to effectively provide this support.

We hope that this summary will assist international donors and developing country partners in their efforts to achieve greener and more inclusive growth. OECD stands ready to support these efforts.



Angel Gurría
OECD Secretary-General



“While capacity development for the environment is primarily the responsibility of domestic actors, international providers of development assistance can play an important role in supporting developing countries in their efforts to strengthen capacity.”



What does greening development mean?

INDIA: Green accounting of forest resources

The Indian state of Himachal Pradesh has broken new ground in sustainable resource management by developing its capacity to carry out a full economic valuation of its forests and the environmental services they provide. The valuation revealed that the state's forests could contribute a staggering USD 26.7 billion a year to the country's GDP. Yet the state receives just USD 10 million a year in revenue from its forests and the sale of timber and other forest products. In order to ensure that the true value of its forests is properly recognised, Himachal Pradesh now applies a levy on anyone using forests in a way that affects the services they provide.

Source: www.lead.org.

Environmental resources and services make a vital contribution to economic growth and well-being in developing countries. Their natural resource sectors drive economic growth and provide the poor with livelihoods and an important safety net in times of crisis. Endowments from environmental resources and services account for an estimated 26% of total wealth in low-income countries 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. Against this background ensuring the sustainability of the natural resource base is crucial. This requires a rapid transition to a greener development path.

Greening development means building sustainable environmental management into such key areas of development as national planning, national budget processes, and economic sector strategies. It is a process by which better stewardship of natural capital can contribute to achieving national growth and development objectives, while also addressing critical challenges such as natural resource depletion, climate change, energy and food shortages. Furthermore, it can create new business activities, markets, and job opportunities in areas like green agriculture, clean energy technologies, and services provided by ecosystems.

The OECD defines capacity as:

“The ability of people, organisations and society as a whole to manage their affairs successfully”



Greening national processes: distinctive features of developing countries

- **Natural resources:** The centrality of natural resources to developing countries' economies makes it particularly important to include the value of environmental assets and services in national and corporate accounts. This can encourage the development of policies to safeguard their value.
- **Opportunity for leapfrogging:** The low level of infrastructure that characterises most developing countries provides an opportunity to move straight to modern, efficient technologies. But this opportunity will only be realised with sufficient technical capacity and a supportive policy environment.
- **The informal sector:** A significant number of people in developing countries work in informal sectors, which poses challenges for implementing environmental standards. The complexity of many informal sector activities means that the implementation of environmental policies contributing to greening development relies on the capacity of stakeholders to develop and implement appropriate measures.
- **Governance:** Developing countries can suffer from weak governance. Effective, inclusive and equitable governance is an enabling condition for, and a measure of greening development. It is, therefore, important that governance processes and mechanisms for greening development respond to the needs and interests of marginalised groups.

Greening development requires capacity

Awareness is growing of the intrinsic link between natural resource management and sustainable development. Indeed, developing countries – with assistance from development support providers – have made substantial efforts over the years to build and improve their capacity to manage their natural resource base. However, there is still limited integration of the environment into various levels of decision making. A consequence of this has been that the natural resource base continues to deteriorate.

It is clear that a new approach to capacity development for environmental management and governance is required. Moving beyond the traditional approach, the focus of capacity building for greening development needs to extend beyond environment ministries and environmental protection. It should encompass the finance, planning and line ministries, civil society groups, the private sector and local communities.

Enhancing capacities for greening development means improved understanding of the natural resource base, and the ability of environment ministries and agencies to make the economic

case for greening development to non-environmental staff and policy makers. It also seeks to develop more environmentally specific skills, such as:

- identifying environmental challenges and priorities and their implications for development;
- monitoring environmental changes through green accounting;
- sending price signals that prompt changes in behaviour;
- reforming environmental fiscal systems to encourage more sustainable resource consumption.

A key obstacle for many developing countries in meeting this greening development objective is a lack of the above mentioned capacities and skills. This brief summarises how countries can work with development support providers to address these gaps and unlock the benefits from greening development.



Commitment on capacity development in the Paris Declaration on Aid Effectiveness:

- Developing countries commit to integrate specific capacity strengthening objectives in national development strategies and pursue their implementation through country-led capacity development strategies where needed.
- Development support providers commit to align their analytic and financial support with partners' capacity development objectives and strategies, make effective use of existing capacities and harmonise support for capacity development accordingly

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





Capacity building for greening development should be country based

RWANDA: Programmatic approach to capacity development for environmental integration

The Government of Rwanda systematically integrates environmental concerns into its national plan, budget cycle and sub-national planning process. It has programmed capacity development activities into this mainstreaming effort, which has benefited from a high degree of country ownership:

- The enabling environment has been greatly enhanced by convincing the Ministry of Finance of the importance of the environment to national development goals and sector strategies.
- The environment agency and relevant stakeholders have become involved in the poverty reduction strategy and in the budget process. This has helped build organisational capacity.
- Individual capacities have been developed through “learning-by-doing”, e.g. valuing ecosystem services, costing environmental degradation, drafting guidelines for incorporating the environment into local planning.

Source : www.unpei.org.



Developing country contexts vary tremendously. Any approach to build and enhance capacity for greening development must therefore be flexible by design and should make use of countries' own systems.

Using countries' institutional and regulatory arrangements to deliver capacity development support helps to strengthen ownership of capacity building efforts. It also enables countries to better align development assistance with their national priorities and policies.

Furthermore, using a developing country's public financial management system helps to strengthen accountability and promote transparency between the ministry of finance,

line ministries, parliament, the national audit office, citizens and civil society groups.

Line ministries may have their own environment units which come together in inter-ministerial groups to address the links between the economy and the environment. The inter-departmental nature of such groups reflects the cross-cutting nature of the environment. More informal governmental networks are also conducive to sharing information, experience and good practices.

Although capacity building involves non-governmental stakeholders, the government must take the lead in integrating greening development objectives into national policy processes.

A framework for greening national, budgetary, and economic sector planning



The national planning process is critical for greening development. The main entry points for enhancing capacity for greening development are national development plans, budgetary processes and economic sector strategies.

A five-step framework should be applied when undertaking capacity development initiatives at each of these levels. The five steps are not necessarily sequential. Nor do all five steps have to be applied.

1. Assessing the political and institutional context, by conducting an analysis of the national context, understanding incentive structures and gaining familiarity with country level analysis of natural resource constraints and opportunities.

2. Identifying key actors and their capacity development needs, such as government officials, private sector representatives and members of civil society groups. This process needs to go beyond the institutional level and also consider the political and economic dimensions that influence the commitment and performance of stakeholders.

3. Identifying opportunities to shape organisational incentives, including finding possible entry points, setting priorities and outlining the appropriate timescale, targets and resources needed to tackle the identified capacity needs.

4. Identifying awareness / knowledge needs and existing analytical tools, such as raising awareness of the role the environment plays in achieving economic development, becoming familiar with existing knowledge products and adopting and using technical tools to make the economic case for environmental programmes and measures.

5. Identifying options for policy response, ranging from revised priorities and implementation strategies to specific environmental management measures and investments.

The capacity development process should set a realistic timeline and match planning and policy cycles. It is a cyclical process that develops over the long term. Regular reviews should be conducted and findings channelled back into the process.

Capacity on three levels:

- **Individual level:** Knowledge and skills to set and achieve objectives. This includes the capacity to build relationships, trust and legitimacy (“soft” capacities) and technical, logistical and managerial skills (“hard capacities”).
- **Organisational level:** Organisational structures and systems that bring individual capacities effectively together. Organisational capacity preserves institutional continuity when staff turnover is high.
- **Enabling environment level:** Policy, legal, regulatory, economic and social support systems in which individuals and organisations operate. It is determined by policies, rule of law, accountability, transparency and flow of information.





Enhancing capacity for greening national development planning

Questions to ask when building capacity for greening national planning

- What *political and institutional context* shapes the national planning process? And does it foster linkages between environment and development outcomes?
- Who are the *key actors* in greening national planning processes and do they have the relevant capacities?
- How can capacity development be designed as a *programme* of prioritised activities tailored to the particular process, entry points, targets, timescale and resources required?
- What *organisational* capacities should be prioritised to facilitate greening development planning?
- What mechanisms can *raise awareness* and improve access to high quality knowledge products that support a green development path at both organisational and individual levels?
- What kind of training and technical support can be provided to use specific *analytical tools* for greening development?
- How can citizens engage in the national planning process and *influence* specific outcomes?

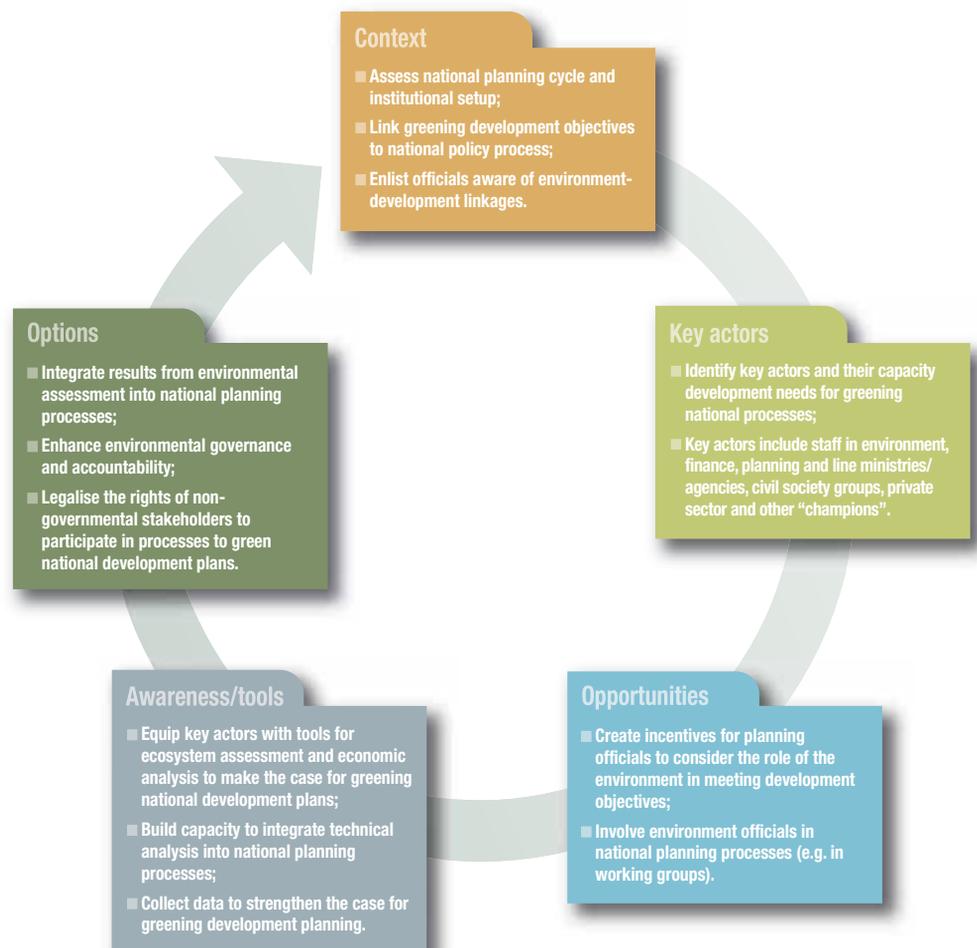
National development planning is an important driver of a country's environmental management system. Greening national development plans involves clear prioritisation, realistic targets, and a programmatic approach developed over several planning cycles. It is particularly important to have a strong participatory approach that creates domestic ownership and accountability, facilitates learning, and enshrines the involvement of civil society.

What capacities are required for participatory green development planning?

- capacity to help build long-term environmental constituencies and include all affected stakeholders;

- capacity to shape effective institutional mechanisms that systematically provide environmental input to the national development planning process;
- capacity to frame environmental issues in the language of the policy maker and to enable other stakeholders to relate environmental issues to development priorities like growth and poverty;
- capacity to co-ordinate initiatives funded domestically and by development support providers.

Steps for enhancing capacity for greening national development planning



The role of support providers in greening national planning processes

Development support providers play an important role in assisting developing countries to enhance the capacity to green their national development planning processes. They should also help countries to assume leadership of the capacity development process.

As development support providers increasingly channel their assistance through budget support, they need to ensure that their commitments are in line with the principles of the aid effectiveness agenda. Among the action points they should undertake to help green development at the national level are:

- **Expanding the focus** from policies and plans on capacity development to actual

implementation to build a 'results orientation' at all levels of decision making.

- **Making effective use of mechanisms for co-ordinating development support** in

order to promote a consistent approach to greening development and the associated capacity development efforts. Where such co-ordination mechanisms are weak or non-existent, support should be provided to develop them;

- **Demonstrating good practice** by integrating

environmental issues into the execution of their own funding instruments to set an example. They should also collaborate to develop shared knowledge products from lessons learned.



SRI LANKA: Greening the Poverty Reduction Strategy Paper (PRSP)

Case study

The integration of environmental issues into Sri Lanka's PRSP in 2003 was the result of more than 10 years of gradual capacity development that involved a set of reforms of the institutional structure:

- In 1990, an inter-ministerial committee led by the Ministry of Environment prepared the first National Environmental Action Plan of an Asian country.
- In 1991 a powerful inter-ministerial National Environmental Steering Committee (NESC), chaired by the Secretary to the Treasury, was established.
- Subsequently, ten sectoral Committees on Environmental Policy and Management were established, chaired by the respective secretaries of the line ministries (Energy, Transport, Health, Water, etc.).
- By the end of the process, the Ministry of Environment acted as a facilitator and succeeded in creating an enabling environment that encouraged the line ministries to take leadership and ownership for integrating environmental issues into their development plans.

Source: Bojő, J., et al. (2004), "Environment in Poverty Reduction Strategies and Poverty Reduction Support Credits", *World Bank Environment Department Paper*, No. 102, World Bank, Washington, DC.



Enhancing capacity for greening national budget processes

Annual environmental protection budgets generally account for between 1% and 2.5% of public spending.

Source: Lawson, A. and N. Bird (2008), *Environmental funding: How to increase the effectiveness of public expenditure in developing countries*, ODI, London.

Reforming the budget process is likely to be more challenging than that of the planning process – the stakes for entrenched actors are higher because national budget processes are the mechanisms through which national resources are appropriated and distributed.

Capacity development for greening the national budget process needs to be strategic. It includes the capacity needs of finance and environment ministries and agencies. A key priority is to ensure that environment officials have the capacity to present evidence on how the environment achieves specific development outcomes in a language that can be understood by budget officials.

In order to do so, environmental actors must have a good understanding of the budget cycle (formation, approval, execution and oversight), the decision points for introducing budget reforms, and demands on fiscal policy. Important skills are data collection, management and priority setting.

Providers should target their capacity development initiatives at weaknesses in existing environmental management and foster collaboration between finance and environment ministries and agencies. A capacity development framework for the budget process should build on:

- good fiscal knowledge;
- involvement and commitment of all government players and stakeholders;
- training and human resource development;
- targeting of key weaknesses;
- working with existing synergies;
- improving cross-sector linkages.

Traditionally environment agencies account for low shares of national budgets, while finance ministries control revenues from major sources like fossil fuel taxes. But as climate change climbs the political agenda, environment ministries and agencies are increasingly part of budget formulation and interact more closely with finance ministries.

The capacity needed	Enabling environment	Organisational level	Individual level
Stakeholders understand the importance of environmental issues	Stakeholders involved in the institutional process for preparing national budget	Finance ministry has incentives and mechanisms to assess economic value of environmental policies	Finance staff are aware of economic value of environmental policies and programmes
Environment agencies formally involved in national budget process	Finance ministry agrees on role of environment agency in budget process	Finance and environment officials understand how environment stakeholders may participate	Environment staff understand how budget process works and how to engage effectively
Analyse links between environment and development – make the economic case	Budget allocations to spending ministries in accordance with national plan and priorities	Finance ministry has incentives to include environmental priorities and measures in budget formulation	Environment staff skilled in economic valuation, programme costing and stating the environmental case to budget officials
Formulate environmental management measures and environmental fiscal reform in budget	Budget process includes environmental management measures, environmental fiscal instruments, subsidy reform	Environment agency participates effectively in drafting budget proposals and finance ministry adopts its guidance	Environment staff can analyse and communicate benefits of budgeted environmental measures, economic instruments, subsidy reform
Environment-development indicators and monitoring mechanisms used	A well functioning national audit system promotes sound expenditure management in all government agencies	Environment and line ministries have management systems to disburse funds efficiently to meet policy priorities	Environment staff skilled in project screening, management and monitoring/evaluation skills



COSTA RICA: Capacity development for financial analysis of climate investments

UNDP has provided support to Costa Rica as part of a global programme on capacity development. The programme aims to raise the awareness and technical skills needed by government bodies – including finance and line ministries – to assess the investment needs for climate change adaptation in key sectors. Specific capacity development activities include collaborative initiatives to identify adaptation priorities and actions and to develop costing methodologies used to assess the financial requirements to carry out these activities. Some lessons learned are:

- Measures must include an accurate assessment of costs and set priorities to be considered and included in a country's financial plan;
- It is useful to distinguish investment costs from operation and maintenance costs to adequately consider trade-offs between measures;
- A cost assessment of various options is particularly challenging in sectors with greater uncertainty and less experience in public policy, such as biodiversity conservation.

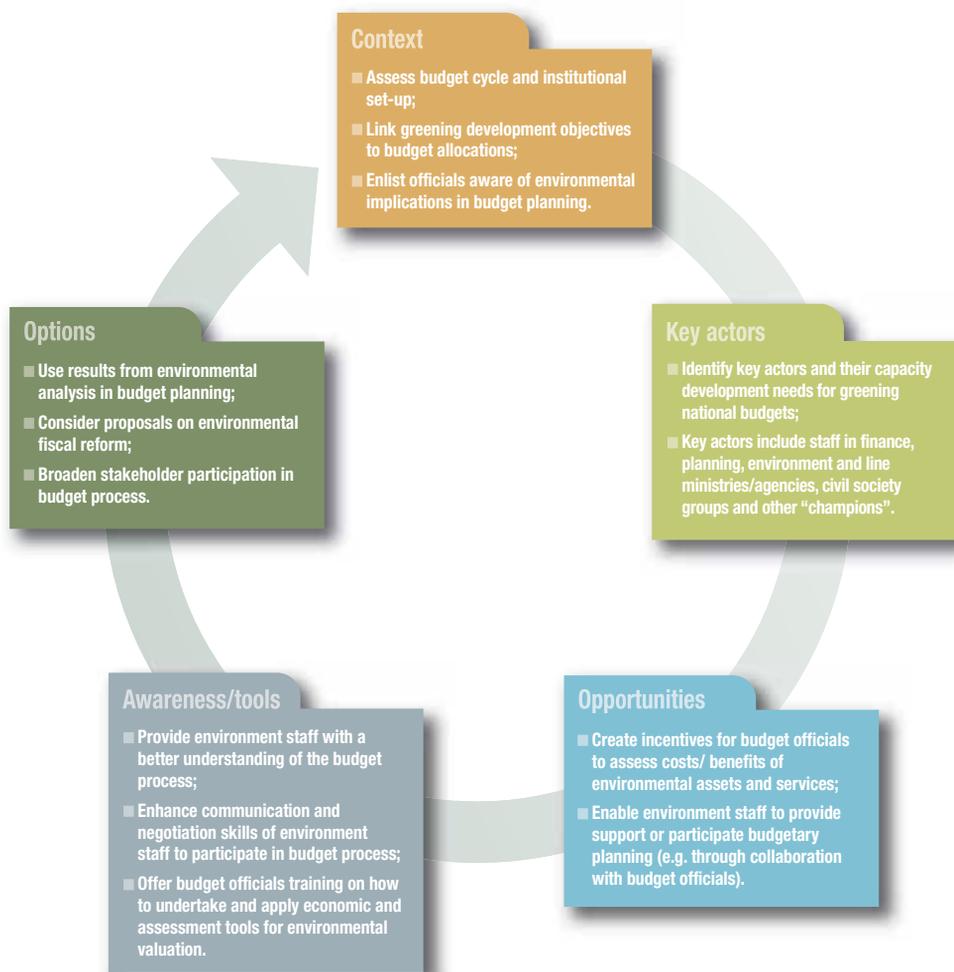
Source: www.undpcc.org

The role of support providers in greening budget processes

Providers of capacity development support for greening budget processes should:

- **Work with developing countries** on how to integrate environmental issues into the budget process. They should also ensure that environment agencies (widely funded from off-budget sources) are not marginalised as they switch to funding from the national budget.
- **Support the acquisition of skills** such as valuing the economic costs and benefits of environmental policies and preparing public environmental expenditure reviews.
- **Support the preparation of guidelines** on how environmental programmes can be developed to align them with the budgetary process and demonstrate their contribution to poverty reduction.
- **Provide the resources needed** to green budget processes while national experts set the priorities. Such an arrangement complies with commitments to use country's existing systems.

Steps for enhancing capacity for greening national budget processes





Enhancing the capacity to green key economic sectors

Natural resource sectors drive economic growth in many developing countries

- Agriculture is the largest economic sector in Africa, generating over USD 100 billion annually and representing 15% of the continent's total GDP. Rising global food prices offer much economic growth potential. But soil erosion has degraded an estimated 16% of cropland.
- The forestry industry contributes to more than 10% to GDP and employs around 40-60 million people in developing countries.
- It is estimated that around 95% of the world's 35 million fishermen live in developing countries. But fish stocks are declining fast, further curbing pro-poor growth.

Sources: McKinsey (2010), *McKinsey on Africa: A continent on the move*, McKinsey Global Institute, New York; OECD (2008), *Natural Resources and Pro-Poor Growth: The Economics and Politics*, DAC Guidelines and Reference Series, OECD, Paris.

Governments use a variety of instruments to influence and shape the development and environmental outcomes of economic sectors. These include changing regulatory and enforcement measures, introducing or reducing fiscal measures, reforming markets or deregulating production, and influencing consumer demand.

Sectors are also affected by the broader enabling environment such as the effectiveness of public financial management, procurement systems, oversight, accountability and the engagement of stakeholders:

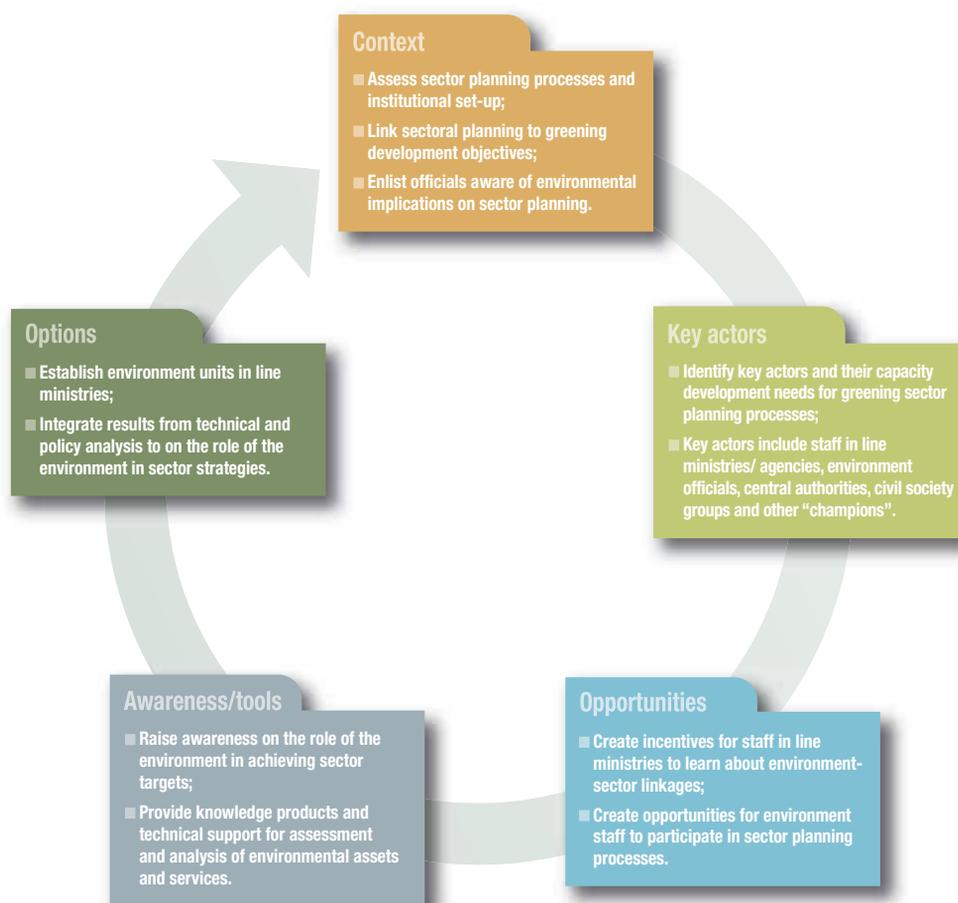
- It is critical that the relevant environment ministry or agency understands how sector planning and budgeting processes operate if it is to become an integral part of these processes.

■ In turn, finance and planning ministries or agencies that usually co-ordinate sector planning need to understand the rationale behind an enhanced role for the environment agency and agree on that role across each process.

■ At the same time, government actors need to be aware of the role non-governmental actors play and involve them in the planning process. This should go beyond simple consultation to real engagement.

■ Furthermore, sector-based capacity development should recognise the cross-cutting nature of the environment. Much current focus is on how policies and measures can be used to green sectors like energy, agriculture, fisheries, water and forestry.

Steps for enhancing capacity for greening economic sectors



The role of support providers in greening economic sector strategies

Building capacity for greening economic sectors requires that development support providers understand the planning processes, their entry points, and the pressures to which their strategies respond. Vested interests may make sectors resistant to greening development, while their planning processes are less clearly formulated than for national planning and budgeting. Against that background, support for capacity development for greening economic sectors should:

- **Use capacity development initiatives to address priority weaknesses.**

Common methodologies for reporting should be developed to help overcome poor accountability due to the fragmentation of the economic sector.

- **Join forces with other relevant programmes.**

Capacity development for greening economic sectors can be incorporated into on-going programmes for capacity development in each sector.

- **Adopt a long-term iterative approach.**

Support providers should aim to learn lessons from using a programmatic approach and build these into subsequent planning cycles in order to achieve a lasting improvement.

- **Improve sectoral co-ordination mechanisms.**

This is critical to ensure that cross-cutting issues, such as the environment are adequately prioritised.

- **Set capacity building for individual sectors within the wider context.**

Sectors are complex systems and any capacity development initiatives must be aware of broader national objectives and specific political, social and contextual factors.

- **Break the task into bite-size pieces.**

When a sector is too large to deal with effectively, one should focus on a sub-set of the sector, while being aware of the broader sector and to engage a large number of stakeholders within the sub-sector.



South-south co-operation (SSC) is an important mechanism through which developing countries can develop some of the capacities they need for equitable and sustainable environmental governance in a specific sector.

SSC allows countries with a similar natural resource base, economic development, political structures and social objectives to help each other reinforce institutional measures and technical capacities for goals such as sustainable environment management.

One such co-operation mechanisms is the Mesoamerican Environmental Sustainability Strategy (EMSA). It began in 2008 and brings together the environmental ministries of Belize, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and the Dominican Republic.

With the objective of achieving a more sustainable ecosystem service provision, EMSA agreed to strengthen the Mesoamerican Biological Corridor by putting in place an inter-connected regional system of protected areas, an expert network for integrated hydrographic basin management, and a Mesoamerican system of economic and social valuation of ecosystems.

Source : UNCBD (2010), *South-South Co-operation on Biodiversity*, Newsletter, Volume 1, Issue 1, UNCBD, Montreal.





Development support providers and their capacity needs

- Paris Declaration on Aid Effectiveness calls for development support providers to commit to aligning their analytical and financial support with developing countries' capacity development objectives and strategies.
- Over the past three decades, several development support providers have adopted policies, procedures and strategies that commit them to promote environmentally sustainable development.
- Environment-related official development assistance was USD 26 billion in 2009, a 45% increase from 2007.

Sustained assistance from development support providers – bilateral and multilateral development co-operation and environment agencies – helps developing countries build successful capacity for greening development and meet their environmental conservation and development objectives.

In recent years the focus has shifted from technical assistance to collaboration with developing countries. Development support providers should deliver support that meets identified needs, determining priorities in response to environmental threats and opportunities in developing countries. They should use the strengths and address the weaknesses of local environmental management and governance systems. When possible, they should contribute to environmental initiatives already underway.

Development support providers face two key challenges:

- how to tackle the institutional and technical aspects of greening development.
- how to align capacity building for greening development efforts with existing country systems.

The first step for development support providers should be to assess their own capacity to build enabling environments, organisational capacity, and individual skills.

Enabling environment	Does the development support provider:
Environmental policy framework	<ul style="list-style-type: none"> ■ Have a policy on support to the environment? ■ Have a policy on integrating environmental considerations into country programming? ■ Have a policy consistent with other multilateral and bilateral development organisations?
Environment programme commitment	<ul style="list-style-type: none"> ■ Treat the environment as a programme or as a sector? ■ Propose financial support for environment-related programmes at regional or country level? ■ Propose active programmes to support capacity building for environment agencies? ■ Run active programmes to integrate the environment into development planning?
Organisational level	Does the development support provider:
Environmental staffing and responsibilities	<ul style="list-style-type: none"> ■ Have a dedicated environment unit? ■ Have regional- or country-based environmental advisors? ■ Offer environmental training for non-environmental staff members?
Guidance on capacity development and country systems	<ul style="list-style-type: none"> ■ Have a dedicated unit specialising in capacity development knowledge and practice? ■ Have any internationally endorsed best practice guidance on capacity development? ■ Offer guidance on applying best practice to support the strengthening of country systems?
Cross-practice programme capacity	<ul style="list-style-type: none"> ■ Understand needs assessment and determine realistic time frames and outcome indicators? ■ Give organisations incentives to build capacities for greening development that meets the needs of the country concerned?" ■ Have mechanisms for cross-practice knowledge management, monitoring and evaluation?
Individual level	Does the development support provider:
Knowledge and experience of – environmental governance and integration, – economic and poverty-environment linkages – results-based management	<ul style="list-style-type: none"> ■ Have any best practice guidance on capacity development? ■ Have any best practice guidance on enhancing capacity for greening development? ■ Have any reviews or evaluations of past initiatives to support capacity development for environmental management and governance? ■ Have staff members with skills in programme preparation and results-based management?

How development support providers can enhance their capacity 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. As such, it should be a focal point at all levels of design, implementation and valuation.
- **Collaborate across agencies.** Development co-operation agencies may lack the technical expertise and operational knowledge to build capacity for environmental integration. They may delegate some tasks to their national environment agencies or work with them under twinning arrangements. Collaboration maximises the comparative advantages of different agencies within a provider government.
- **Harmonise work with other development support providers.** Harmonisation of development support is a fundamental principle of aid effectiveness. It is critical that development and environment agencies operating in developing countries harmonise their approaches to ensure effective programme delivery, facilitate exchange of knowledge and expertise across agencies, and to avoid duplication.
- **Nurture local ownership.** Capacity development support is more likely to be successful when it works towards meaningful and achievable goals that are priorities for developing countries. Such an approach encourages countries to invest in leadership, oversight and management of support.
- **Focus on results.** Measurable results are the cornerstone of effective capacity development. They emphasise the achievement of outcomes and long-term impacts rather than mere measurement of input and output and enable development support providers to evaluate progress and build on lessons learned.
- **Implement best practice guidance.** Such guidelines can help identify key principles and tools required to deliver effective support for capacity development.
- **Reflect and learn.** Support providers should regularly evaluate their activities to adjust their strategies and enhance their initiatives on capacity building for greening development. “Learning-by-doing” should become an integral part of an overall programmatic approach.



Prioritising capacity development initiatives

Capacity development involves more than just a transfer of skills and is first and foremost about the collective institutional capabilities needed to achieve national goals and to contribute to changing social values. Country leadership to create the space for change is critical, but the context determines what is possible at any given time.

Setting specific priorities requires a joint understanding and dialogue around a set of fundamental questions: capacity for what, by whom, why and how? Several elements are

important to consider when prioritising capacity development efforts:

- **Seek collaboration.** It is essential to have a shared understanding of objectives and priorities in addressing a particular challenge and readiness for change. Joint approaches allow development support providers to understand local perspectives better, while ensuring a degree of developing country ownership and leadership of the change process.

- **Be transparent and talk with key stakeholders.** Capacity development is a dynamic process and requires regular consultation and dialogue. Transparency requires the participation of key stakeholders (civil society groups, parliament, press, and others) wherever possible. Those involved will need to regularly assess the need for political support and how to achieve it.

- **Start small, learn and adapt.** Countries often tend to set overly ambitious targets

but underestimate timeframes. Capacity development often responds well to more humble beginnings, associated with a more gradual learning and scaling-up process.

- **Target “pockets of energy” and opportunities for “win-wins”.** The most effective initial priorities for support are often those where readiness for change already exists and where win-win arrangements are possible for both developing countries and development support providers.

Greening Development: enhancing capacity for environmental management and governance

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. Against this background ensuring the sustainability of the natural resource base is crucial. Enhancing capacity for environmental management is a key element in achieving this transition to a greener development path.

The OECD's policy guidance on *Greening Development: Enhancing Capacity for Environmental Management and Governance* is intended to assist developing countries – and providers of development support – in their efforts to move to a greener development path. This policy brief outlines the key messages from that guidance. It shows the main steps required to build capacity for greening national development planning, national budgetary processes and key economic sector strategies. It identifies key actors to be engaged in the decision-making processes, outlines possible capacity needs and suggests how these can be addressed.



For more information:
www.oecd.org/dac/environment

