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GENERAL DISCUSSION ON PROGRESS IN THE IMPLEMENTATION OF
AGENDA 21, FOCUSING ON THE CROSS-SECTORAL COMPONENTS OF
AGENDA 21 AND THE CRITICAL ELEMENT OF SUSTAINABILITY

Integrating environment and development in decision-making

Report of the Secretary-General

SUMMARY

Chapter 8 of Agenda 21, "Integrating environment and development in decision-making", covers four interrelated issues: (a) integrating environment and development at the policy, planning and management levels; (b) providing an effective legal and regulatory framework; (c) making effective use of economic instruments and market and other incentives; and (d) establishing systems for integrated environmental and economic accounting.

The present report considers national strategies for sustainable development, one means for combining all these issues in a comprehensive and integrated manner. Methodological issues for bridging economic, social, environmental and institutional variables are also discussed. Recommendations are contained in paragraphs 21-24.

* E/CN.17/1995/1.

INTRODUCTION

1. The present report is a summary of a document before the Commission as a background document. It reflects the main issues raised in chapter 8 of Agenda 21, 1/ "Integrating environment and development in decision-making", and concludes with proposals for the consideration of the Commission.

2. It should be noted that many of the activities contained in Chapter 8 of Agenda 21 are directly related to activities also proposed within the context of chapter 40, "Information for decision-making", in particular the sections on data and information and on indicators. Discussion of such activities has been omitted from the present report. Similarly, since the report of the Secretary-General entitled "Financial resources and mechanisms for sustainable development: overview of current issues and development" (E/CN.17/1995/8), which pertains to chapter 33 of Agenda 21, contains an analytical discussion of economic instruments, that material will not be repeated here.

I. GENERAL OVERVIEW AND METHODOLOGICAL ISSUES

3. The purpose of integrated plans and strategies is to develop a consensual vision for the future and to identify common priority issues and key activities within a framework that provides for consensus-building and planning and the creation of the institutional support required for sustainable development.

4. It is understood that the strategy process, like decision-making in general, is adaptive and cyclical, encompassing five discrete but interrelated stages: problem identification, policy formulation, implementation, monitoring and evaluation. Sustainable development strategies must be participatory and open to communication, both horizontally and vertically; they are integrative and inter-sectoral; and they are intended as a basis for action.

II. REVIEW OF PROGRESS ACHIEVED, MAIN POLICY ISSUES AND EXPERIENCES

A. Integrating environment and development at the policy, planning and management levels

1. Improving decision-making processes

5. Economic, social and environmental considerations in decision-making may be reflected through the application of an integrating methodological approach, through the adoption of a framework that brings sectoral plans together into a more holistic approach, and through the inclusion of social and environmental parameters in sectoral economic planning. The establishment of such structures as sustainable development councils may also assist in the decision-making process, since they are intended to provide the mechanisms through which policy integration is achieved.

6. Several studies have recently been undertaken on decision-making for sustainable development; each identifies various characteristics intrinsic to the process. Emphasis may shift, and the number of characteristics may vary, but all would agree that:

(a) Decision-making must be driven by national needs, priorities and goals. External forces, such as multilateral and bilateral donors may and do in some cases provide the impetus for the decision-making process to begin, but these donors should do no more than facilitate and should not dictate the process. Externally led processes carry another burden; regardless of how good they may be, they are likely to be perceived as tied to conditionalities, with more importance given to investment programmes than to the decision-making process itself;

(b) Decision-making must be multisectoral and integrative, aimed at overcoming institutional and policy fragmentation. Where relevant, this should include building on existing plans and strategies, within a framework. Cross-ministerial decision-making requires both strong political support and careful institutional development commensurate with the needs and conditions of the country;

(c) Decision-making must be participatory. In contrast to participatory implementation, which is usually project specific participatory decision-making involves soliciting people's views in the policy formulation and management stages. It is important to keep in mind that such participation requires time; a frequent criticism of some of the donor-driven processes is that, although they mandate wide participation, they tend to give greater priority to meeting deadlines.

7. Increasing numbers of countries are attempting to improve their decision-making structures for developing strategies, policies and plans for sustainable development, as reflected in the discussion on national sustainable development strategies described below. These efforts are largely due to the growth of awareness of the issues within countries and initiatives taken by Governments. Organizations within the United Nations system and non-governmental organizations are also working with Governments to assist them in this process.

8. Traditionally, particularly in developed countries, national sustainable development strategies have taken as their starting point the management of natural resources and the improvement of environmental quality. Many developing countries have begun by expressing their environmental concerns through development planning and their approach to specific sector-based development problems, such as desertification. In development planning, the challenge has been to integrate environmental concerns into the policies of other sectoral ministries and into the practice of key sectors of the economy. In dealing with desertification, it has been necessary to expand the concept of development beyond more immediate economic concerns and to understand the economic implications of sustainability. Much has been done within the past few years; however, a major obstacle has been insufficient progress in developing methodologies and techniques for integrated planning and policy-making.

2. National strategies for sustainable development

9. A number of national strategic planning approaches, both sectoral and multisectoral, have been introduced by both governmental and non-governmental actors. Sectoral plans have an advantage in that they focus the maximum expertise within a Government (and ideally from among a variety of stakeholders); the objectives may be clearly expressed; and the institutions of Governments are generally established to implement and monitor plans at a sectoral level. Their disadvantage, however, is that the totality of plans across sectors may have inconsistent and incompatible objectives. Moreover, sustainability issues tend to be marginalized and too often become the residue after economic plans have been formulated.

10. In addition, in the absence of a broad, multisectoral approach, the tendency to equate environment with sustainable development remains strong. Sustainable development does not just imply interjecting environment here and there into the policy process. It demands a paradigmatic shift. For this purpose, Agenda 21 calls upon Governments to adopt a national strategy, building upon and harmonizing the various sectoral economic, social and environmental policies and plans that operate in the country. These strategies should be multisectoral, participatory processes of consensus-building that ensure socially responsible economic development while protecting the resource base and the environment for the benefit of future generations.

11. At the same time, concern has been expressed over the plethora of related strategies being requested of Governments. The Organization for Economic Cooperation and Development (OECD), at the December 1993 high-level meeting of its Development Assistance Committee, took note of the danger of a donor-driven proliferation of planning requirements for developing countries. The Inter-Agency Committee on Sustainable Development (IACSD) has also expressed concern that, as countries consider formulating sustainable development strategies, they are likely to be overwhelmed by the infrastructural and institutional requirements of already existing sustainable development and environmental strategies and programmes established both by the organizations of the United Nations system and bilateral agencies. At its fifth meeting (1-3 February 1995), IACSD agreed to pursue this issue. The United Nations Development Programme (UNDP) was asked to take the initiative to convene a meeting of an open-ended task force to continue discussion on national strategies and reporting requirements. The issue of streamlining reporting will be on the agenda of the next meeting of IACSD.

12. Coordination at the national level constitutes one of the biggest and most complex problems facing sustainable development strategies. The integration of international and national initiatives is only possible in the context of clear national priorities. Lack of consistency among initiatives and the lack of control over them may have a number of adverse consequences, including duplication, increased financial costs, wasted time and effort, and a lack of direction. This is another powerful reason for countries to establish their own internally generated sustainable development strategies as frameworks for coordination and blueprints for the appropriate coordinating machinery.

B. Providing an effective legal and regulatory framework

13. Laws and regulations suited to country-specific conditions are among the most important instruments for transforming environment and development policies into action, not only through command and control methods but also as a normative framework for economic planning and market instruments. However, much of the lawmaking in many countries seems to be ad hoc and piecemeal or has not been endowed with the necessary institutional machinery and authority for enforcement and timely adjustment.

14. To integrate environment and development in the policies and practices of each country effectively, it is necessary to develop and implement integrated, enforceable and effective laws and regulations that are based upon sound social, ecological, economic and scientific principles. Programmes also need to be established to review and enforce compliance with the laws, regulations and standards that are adopted.

15. The legal systems in many countries have developed piecemeal over many years and in conditions that are no longer relevant. Often, legal provisions are too general, inadequate, uncoordinated and inconsistent with modern planning practices. One of the major needs in all countries is the development of a framework of national laws and regulations, policy guidelines and relevant institutional frameworks to support the sustainable development process in its entirety.

C. Making effective use of economic instruments and market and other incentives

16. At its second session, the Commission decided to address the issue of the use of economic instruments in the context of changing consumption and production patterns (chapter 4 of Agenda 21), and, inter alia, it requested the Secretary-General to prepare an analytical report on the use of economic instruments and other policy measures for changing consumption patterns in developed countries, with special reference to the sectoral issues on the agenda of the Commission at its third session, as an input to the Ad Hoc Open-ended Working Group on Finance. As noted in paragraph 2 above, this issue is covered in another report and will not be duplicated here.

D. Establishing systems for integrated environmental and economic accounting

17. Conventional national economic accounting is restricted to market transactions and thus excludes a number of human activities pursuing non-market aspects of production and consumption. Integrated environmental and economic accounting attempts to value environmental services of natural resource supply, waste absorption and other amenities that can no longer be considered free gifts of nature. Thus, systems for integrated environmental and economic accounting aim at integrating environmental, social and economic aspects of sustainable development in a broader framework of national accounting and should be seen as a complement to traditional national accounting practices.

18. The System of Integrated Environmental and Economic Accounting (SEEA) was developed as a satellite system of the System of National Accounts 1993, which already incorporates certain aspects of natural resources accounting. Considerable work is being undertaken in the further development of methodologies and in data collection, as well as in providing support to strengthen national environmental accounting systems.

19. Several countries have made progress in implementing natural resource and environmental accounting at the national level. Once enough countries have conducted pilot studies or national programmes, the results will be reviewed and assessed and the methodology refined accordingly.

20. An umbrella project is also envisaged as a joint effort between the Statistical Division of the United Nations Secretariat (UNSTAT) and UNDP with a view to improving the coordination of national programmes and the international comparability of adjusted macroeconomic indicators.

III. CONCLUSIONS AND PROPOSALS FOR ACTION

21. Governments should continue their efforts to establish national commissions for sustainable development and integrated participatory strategies for sustainable development. In that context, organizations within the United Nations system and other relevant organizations should support such efforts through further methodological work, particularly with reference to models for environmental economics, the impact of economic instruments, and the use of integrated economic and environmental accounting.

22. The organizations and bodies of the United Nations system, in cooperation with Governments and, as appropriate, non-governmental organizations, should place a high priority on actions aimed at supporting national coordination and planning activities related to the implementation of Agenda 21, with particular emphasis on developing frameworks for national strategies in which sectoral plans can be accommodated.

23. Organizations in the United Nations system and other relevant organizations should organize regional-level workshops to explore, discuss and further develop methodological approaches to integrated planning for sustainable development, drawing upon, for example, work being done in environmental economics, valuation, natural resource accounting and integrated economic and environmental accounting.

24. UNSTAT and other relevant organizations and bodies of the United Nations system, other intergovernmental organizations and non-governmental organizations, should further the work in integrated economic and environmental accounting, particularly with regard to: (a) continuing methodological development for consensus-building; (b) promoting the implementation of national programmes by supporting and motivating national statistical services; and (c) strengthening technical cooperation in this area. In addition, in the

medium term, the relevant organizations should (a) revise international methodologies, notably the Handbook of National Accounting: Integrated Environmental and Economic Accounting; 2/ and (b) initiate data collection and dissemination for possible uses in Earthwatch and the envisaged complementary development watch.

Notes

1/ Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992, vol. I, Resolutions Adopted by the Conference (United Nations publication, Sales No. E.93.I.8 and corrigenda), resolution 1, annex II.

2/ United Nations publication, Sales No. E.93.XVII.12.
