PAGE PARTNERSHIP FOR ACTION ON GREEN ECONOMY

Integrated Planning & Sustainable Development: Challenges and Opportunities

Synthesis Report

UNEP

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Terraced rice paddies near a Red Zao village; outside of Sapa, Lao Cai province, northern Vietnam.
Photographer: Tran Thi Hoa, 2002

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Foreword

Agenda 2030 provides an unheralded opportunity to address the persistent challenges facing the world, including poverty, growing inequalities, and environmental degradation. Through it, world leaders have committed to addressing the economic, social and environmental issues standing in the way of sustainable development.

Efforts to reduce poverty remain challenging, despite some progress since 1990, including advances made as countries pursued the Millennium Development Goals. Income gaps, coupled with insecure livelihoods and unreliable services, increase the prospect of people falling below poverty lines and into poverty traps. Employment growth is lagging behind population growth, and gender gaps in employment and wages remain. The livelihoods of many of the world's poor depend directly on ecosystem goods and services and natural resources. Unless environmental degradation is curtailed, poverty, inequality and instability will likely deepen, and growth will not be durable.

Fundamental shifts in development models are needed to address these challenges and foster a prosperous and more secure world. Advancing the 2030 Development Agenda and the Sustainable Development Goals requires deeper transitions to more resource-efficient, resilient forms of growth that bring social, economic and environmental benefits over the medium and longer term. This requires a focus on the rights of poor and vulnerable groups, including women, to secure access to decent work, livelihoods and basic needs, including food, water, sanitation and shelter, and to benefit from a healthy environment. There is a need to decouple development from environmental destruction, and to protect and restore ecosystems and the goods and services they provide that underpin development.

Inclusive, green economy and green growth policies are key to these poverty eradication and sustainable development objectives. Many countries are already investing in greener economic policies that reduce poverty and advance more resilient, environmentally sustainable growth.

This Synthesis Report on **Integrated Planning & Sustainable Development—Challenges and Opportunities**, and the eight country studies on which it draws, have been prepared through the Partnership for Action on Green Economy (PAGE), with funds from the European Commission. The report illustrates the many different sustainable development pathways that countries are pursuing in line with national priorities and contexts. Its country-based evidence and non-prescriptive findings for policymakers and practitioners highlight the need for integrated and coherent development policies, while illustrating a range of inclusive green economy solutions. As such, this report represents an important addition to the global community's demand-driven resources for advancing the 2030 Agenda.

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The report draws on eight country studies prepared by the following consultants, government experts, and UNDP Country Office staff:

- Bangladesh: Dr. Md. Abul Basher and Ms. Farha Deeba Sufian, consultants; Alamgir Hossain, UNDP.
- Ethiopia: Dr. Wassie Berhanu, consultant; James Wakiaga and Fekadu Terefe, UNDP.
- Kenya: Prof. James Ole Kiyiapi, consultant; David Githaiga, Timothy Ranja and Zeinabu Khalif, UNDP.
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Acronyms

CRGE	Climate-Resilient Green Economy strategy 2011, for Ethiopia
CSR	Corporate Social Responsibility
DCGE	Dynamic Computable General Equilibrium
EFR	Environmental Fiscal Reform
EIA	Environmental Impact Assessment
ESG	Environmental, Social and Corporate Governance
EC	European Commission
PTSD	Government Programme for Transition to Sustainable Development 2014–2017
HLPF	High-Level Political Forum on Sustainable Development
IGE	Inclusive Green Economy
ISD	Integrated Sustainable Development
KIPPRA	Kenya Institute for Public Policy Research and Analysis
MTEF	Medium-Term Expenditure Framework
MDGs	Millennium Development Goals
MEF	Ministry of Economy and Finance, of Peru
NSO	National Statistics Office
NSSD	National Strategy for Sustainable Development, of Kyrgyzstan
NCA	Natural Capital Accounting
NTFPs	Non-Timber Forest Products
PAGE	Partnership for Action on Green Economy
PES	Payments for Ecosystem Services
PEI	Poverty-Environment Initiative
PEN	Poverty-Environment Nexus
PBB	Programme-Based Budgeting
PEP	Public Employment Programmes
PEERs	Public Environmental Expenditure Reviews
PERs	Public Expenditure Reviews
PPPs	Public-Private Partnerships
REDD+	Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
RBB	Results-Based Budgeting
RBM	Results-Based Management
SAM	Social Accounting Matrix
SEA	Strategic Environmental Assessment
SCP	Sustainable Consumption and Production
SDGs	Sustainable Development Goals
SEEA	System of Environmental-Economic Accounting

Executive Summary

Background

In September 2015, UN Member States approved the 2030 Development Agenda and a set of Sustainable Development Goals (SDGs). The SDGs holistically address the economic, social and environmental dimensions of sustainable development and are designed to be pursued in combination, rather than one at a time. Integrated development is therefore at the heart of the 2030 Development Agenda as reflected in the SDGs.

Inclusive Green Economy (IGE) approaches and those that address the Poverty-Environment Nexus (PEN) can play a central role in advancing the SDGs. This report seeks to further the understanding of the practicalities of embedding such integrated approaches across the **planning cycle** in countries at various stages of development. There is a growing country demand for such insights to inform SDG implementation.

This synthesis report identifies what countries are already doing to transition to integrated planning and implementation and analyzes what challenges they face and where support should be targeted to accelerate the 2030 sustainable development agenda and promote inclusive green growth. The report synthesizes a wide range of policy and programming experiences in the areas of inclusive green economy and the poverty-environment nexus, and draws on the findings of eight national scoping studies on integrated planning, commissioned as part of this study. The national scoping studies provide an up-to-date snapshot of where some countries stand on integrated planning, the key challenges they now face, and suggested actions to accelerate their transition to an IGE in support of SDG implementation. The scoping study countries are: Bangladesh, Ethiopia, Kenya, Kyrgyzstan, Peru, Rwanda, Tajikistan and Viet Nam.

Conceptual framework

Integrated development approaches are defined as approaches that simultaneously advance multiple benefits across the three dimensions of sustainable development (social, environmental and economic). They ensure that poverty eradication and environmental sustainability go hand in hand (UNDP/UNEP, 2013). They require effective governance, policy coordination and coherence across government departments and between stakeholders to fully understand and manage the

many interactions between economic growth, poverty eradication and the environment, and to ensure that policies and plans are designed and implemented in ways that do not bring progress in one dimension at the expense of another.

In practice, to realize sustainable development, integrated development approaches need to be mainstreamed into each stage of the national planning cycle. The national planning process is defined in this study as comprised of all the activities and decisions undertaken at the national, subnational and sector levels by diverse stakeholders to both develop and implement policies, strategies, plans and projects. It is underpinned by legislation and includes the following generic components over a revolving planning cycle: stakeholder engagement and coordination to set visions and goals; integrated assessments to understand the environmental, social and economic impacts (positive and negative) of different policy options across different sectors and segments of the population and the linkages (synergies and trade-offs) of policy options; policy design and formulation based on integrated assessments and stakeholder consultations; implementation of policies, plans and strategies (e.g., through investments, the provision of incentives or disincentives, regulations and social interventions); and, monitoring and evaluation to measure the effect of the inventions against targets and recommend corrective actions if needed. The planning, development and implementation process is country specific but there are common elements across countries.

A generic representation of the planning cycle is presented in **Figure A** and is used as the framework for discussing possible entry points for integrated approaches at the distinct stages in the cycle. The planning cycle mirrors the policy cycle as it is commonly portrayed. Feedback loops and iterations are also common to the planning and policy cycle as depicted, although it is hard to capture such complex non-sequential interlinkages within and across the planning cycle in a single graphic.

Figure B presents an overview of the mechanisms currently being used by the scoping study countries to facilitate a transition to integrated approaches (within the blue circle) and the challenges apparent at the key stages of the planning cycle. Broadly speaking, constraints to integrated approaches include weak institutions, governance issues, low awareness of the poverty-environment nexus and limited capacity, data and resources.

Key challenges and enabling factors

This synthesis report identifies five keys areas (elaborated below) where support is needed to address the challenges and bottlenecks facing the adoption of integrated approaches across the planning cycle. This support needs to be tailored to the needs of individual countries based on their development context and priorities, institutional structure, and capacities.

1. **Strengthening institutions and governance systems**

The existence of institutions, laws, policies and strategies promoting integration provides a critical foundation, but many institutions are still weak and need support if they are to influence development policy. The development of fledgling institutions is understandably a slow process that entails going through stages of iterative learning and evolution towards becoming fully integrated and holistic. A major challenge facing integration in most countries is that planning institutions and processes still work along sectoral lines and no one institution has the mandate and resources to pull all actors together. Also, for many countries integrated planning and policy coherence is a new concept, and integrated planning is challenged by a lack of coordination mechanisms, budgets for cross-disciplinary work, and skills and incentives for working together.

A transition to integrated planning and implementation requires strengthening institutions and

Figure A: Generic stages of a national planning cycle

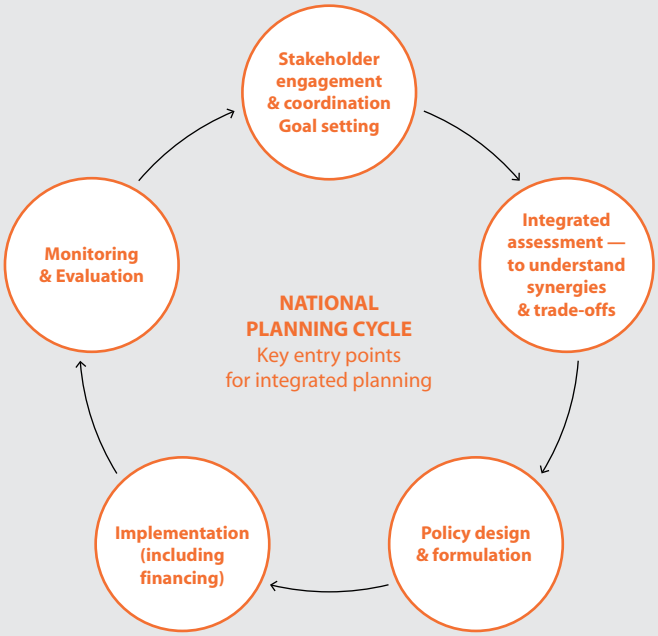
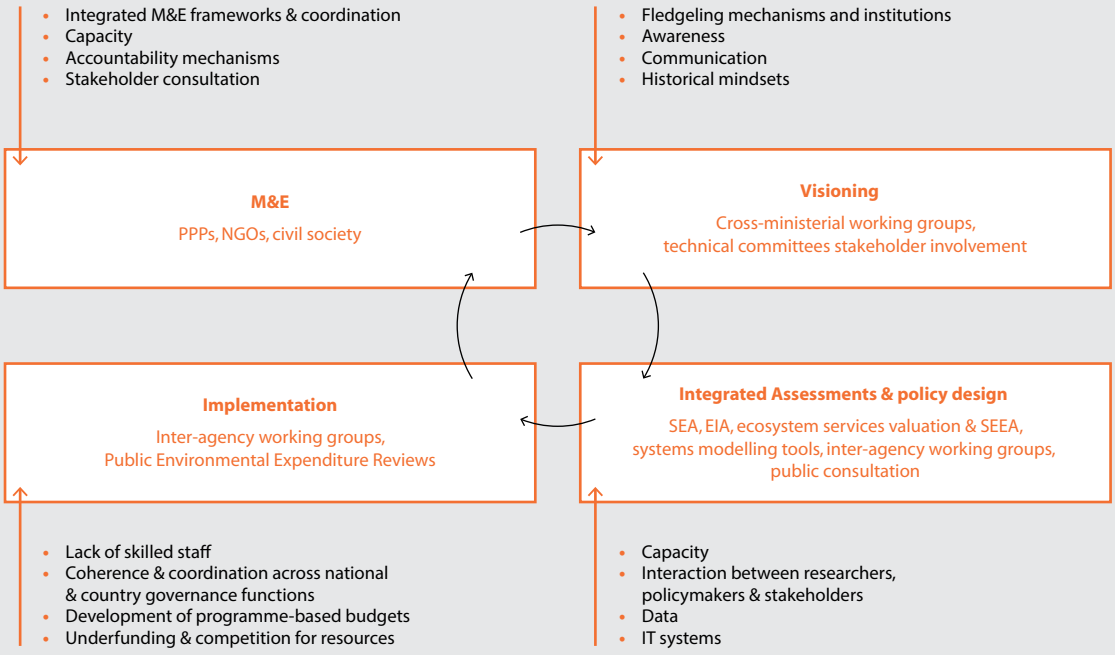


Figure B: Overview of mechanisms supporting integrated planning, and associated challenges across the planning cycle in the scoping study countries



governance systems at all levels. Key action areas include: (i) National visions and strategies need to be backed up by effective legislation; (ii) Partnerships and communication across government and among government, civil society and private sector actors needs to be developed so that all groups work together towards a common goal; and, (iii) Political ownership and the involvement of top-level leaders and senior ministries is critical to achieving traction across a country and must be established and/or developed.

2. Strengthening evidence-based, empirically backed policy options

The complexity of integrated planning, with its many drivers and actors, makes evidence-based policymaking increasingly desirable. However, the assessment of integrated policy options is a challenge in many countries due to a lack of data availability and sharing arrangements, low institutional capacities across the policy cycle, and insufficient communication between analysts, policymakers and stakeholders. While better evidence is necessary to support and inform a consultative policymaking process, for such a process to be realized, mechanisms also need to be in place that ensure all parties have a voice in the process, especially the vulnerable sections of society.

Support is needed to: (i) develop reliable and complete data (disaggregated by relevant factors, such as sex, age and geographical location) for assessing problems, identifying priorities, gauging effectiveness, guiding policy, and measuring results/tracking progress; (ii) promote appraisal approaches and system analysis tools to ensure that agencies, sectors and civil society are better informed on the need for integrated policies and how they can be implemented; (iii) develop and promote participatory approaches to evidence-building; and, (vi) build capacity across government and specialized agencies in the broad range of tools that can inform integrated planning so that countries can independently undertake and periodically uptake assessments.

3. Development of budgeting and financial systems

The transformative post-2015 development agenda must be underpinned by a credible means of implementation (Addis Ababa Action Agenda, 2015). However, currently all countries, to varying degrees, face a shortfall in the funding required to meet sustainable development objectives and need to better leverage existing funding. Clear lines of resource mobilization along with realistic financing frameworks and responsibilities will be imperative if a rapid transition to an inclusive green economy is to be achieved. Stronger measures are needed to expand the tax base, remove perverse incentives, encourage private investments, increase efficiency and address corruption.

Key areas of support and enabling factors include: (i) Ensuring integrated planning goes hand in hand with budgeting, so that funds are available for implementation and programmes are prioritized and phased in the face of budget constraints. The uptake of tools such as Public Climate Change and Environmental Expenditure Reviews and programme-based budgeting can facilitate this, but countries generally lack expertise in such approaches and therefore need support; (ii) Identifying and developing effective financing mechanisms to meet the costs of achieving the SDGs/transition to an inclusive green economy. Possible sustainable financing mechanisms include green banking, environmental fiscal reforms (e.g., reducing fossil fuel subsidies), mainstreaming natural capital into national budgeting processes, and other market mechanisms such as Payments for Ecosystem Services (PES) and Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (REDD+). There is also a role for innovative tools (e.g., mobile banking and digitalized payments) in meeting the objective of equal access to financial services for all (Addis Ababa Action Agenda, 2015); and, (iii) Governments putting in place the right mix of policy instruments that correct market failures while creating incentives for the private sector to adopt green technologies and ensuring favourable conditions for direct foreign investments that are compatible with a country's green development framework.

4. Support for Monitoring and Evaluation

Most countries have established M&E systems for social and economic development policies, plans and projects. However, these systems are often

not fully effective and/or not tailored or capable of being applied to integrated approaches and the SDGs. Monitoring and evaluation results should feed back into planning and policymaking, fine-tuning and adjusting policy design and formulation, programming and budgeting. But due to a disconnect between policymaking, implementation and M&E, as well as immature and siloed M&E systems, currently this is not happening. Therefore, integrated planning systems require further support to fully develop the approaches and assessment methods required to establish programme and policy evaluation processes, and to measure progress towards the SDGs.

Monitoring and evaluation is a labour-intensive and expensive procedure. There are also data and capacity issues. New and more tailored metrics, as well as bolstered data collection systems and capacities, are needed in both the public and private sectors, to reflect multidimensional measurements of growth, poverty and natural capital. Often, the main national institution responsible for data collection, the National Statistics Office (NSO), lacks infrastructure for conducting monitoring. At the same time, ministries may have limited skills for the collection and processing of data, and therefore require support. There is also a need to ensure that all data collection and analysis activities across NSOs and line ministries are better coordinated, transparent, and feed more directly into the policy process.

5. Capacity development

Capacity constraints limit integrated planning at all stages of the planning cycle, across all levels of government and among stakeholders. Individual and institutional capacity challenges common to the governments of developing countries include insufficient technical knowledge; weak assessment abilities; limited research capacity; limited monitoring and evaluation capacity; and a lack of public awareness of and support for sustainable development (UNDESA/UNDP, 2012). In addition, the Addis Ababa Action Agenda stresses the need for capacity-building in developing countries in areas such as public finance and administration, social and gender responsive budgeting, and financial regulation and supervision. These findings are also borne out in the scoping studies. Despite common challenges, capacity development must be country driven, address the specific needs and conditions of countries, and address sustainable development priorities (Addis Ababa Action Agenda, 2015).

Multi-stakeholder capacity-building is needed to bolster all-encompassing cooperation and collaboration in the transition to an inclusive green economy. Areas where support is needed include:

- **Central Government**. Staff need support to better understand the concept of an inclusive green economy and integrated planning. Technical skills and institutional mechanisms need to be developed for the more effective analysis, costing, funding, implementation, coordination, monitoring, and evaluation of cross-sectoral policies.
- **Subnational level**. Subnational government agencies (regional, county, local) need more support if integrated outcomes are to be realized, given their relatively low capacity and that the implementation of projects will typically be at this level.
- **Private sector**. The private sector is in a position to play a pivotal role in accelerating integrated planning and green growth. For this to happen, capacity-building is required to create new skill sets related to green industries and jobs. Greater awareness of the benefits and opportunities of integrated planning and collaborative approaches also needs to be built to foster the identification of business and investment opportunities that are economically, socially and environmentally viable over the longer term.
- **Civil society**. In many countries a broad range of stakeholders have not been presented with the opportunity to be involved in planning and implementation processes. This is particularly true for marginalized groups. To promote broader stakeholder involvement, it is necessary to raise awareness of their right to participate and build capacity in sustainable development mainstreaming. Furthermore, stakeholder engagement requires complex mobilization and coordination mechanisms that are not always available and in many countries need to be developed.

Key findings

Transitioning to more inclusive, greener economies as an approach for achieving the SDGs requires an integrated cross-sectoral approach to planning and implementation, reflecting environmental, social and economic dimensions of sustainable development and their complex interrelationships and trade-offs. It requires addressing inequalities and applying a multi-actor and shared social responsibility approach (UNDESA/UNDP, 2012). This requires a move away from the dominant fragmented approach to planning and implementation. Integrated policy formation underpinned by inclusive stakeholder consultation and analysis of biophysical and socioeconomic systems, capacity, good governance/political will, and sustainable financing are the pre-requirements for integrated planning and implementation.

A key challenge in this respect is raising the profile of the environment, which prior to the SDGs was widely recognized to have had less consideration in policies than economic and social dimensions. Also crucial to sustainable development is equality, not only in terms of income but also for women and men living in poverty and marginalized groups. The importance of equality relates to access to natural resources, the benefits of a healthy environment, fundamental services such as education, health care, sanitation and markets, and engagement in decision-making.

There has been significant progress in laying the foundations for a transition to integrated planning for sustainable development. In most countries, significant components of the enabling policy and regulatory framework have been established. There is also evidence of countries moving beyond high-level national visions and strategies to the development of mechanisms to execute integrated planning. However, these processes are almost exclusively at the development stage and need to be supported, tested and refined over the coming years. Notwithstanding the evident advancements, a significant gap exists between stated commitments to sustainable development and their implementation.

Implementation is not only hindered by a lack of capacity to translate the idea of sustainable development into practice, but, crucially, by political economy issues and inertia in addressing the growing inequalities in many countries due to vested interests. Integrated development approaches are inclusive approaches, and governance and political economy are among the biggest issues that affect progress on mainstreaming SDGs into national planning (UNDESA, 2015). Given that inequalities are growing, sustainable development can not only be about new technologies, economic growth and wealth for elites, but also about redistributive systems and ensuring that growth is inclusive. For this reason, more attention needs to be paid to the political economy (conflicts, vested interests, governance) and to adopting a human rights framework to expedite the transition to sustainable green growth (UNEP, 2015).

In conclusion, to achieve the 2030 Development Agenda reflected by the SDGs, national governments have the challenge of developing and implementing strategies, plans and policies that aim for a systemic transformation through **integrated development approaches** that simultaneously achieve growth, poverty eradication, and environmental sustainability, and consider synergies and trade-offs between sectors and development objectives as key to achieving this. Integrated planning and implementation is the defining feature of the way forward, and all stakeholders at all levels (local, national and global) have a part to play in its realization. While support for financial and technical capacity-building is needed for countries in the process of developing integrated planning approaches, political economy issues, while not studied or quantified explicitly in this study, can be seen to underline all the challenges identified in this report. Therefore, perhaps the more pressing and urgent transformations are needed in areas linked to the political economy, vested interests, and more equitable access to and participation in the benefits of local, national and global growth and wealth creation.

1

Introduction

1
Introduction

1.1 Context

In September 2015, UN Member States approved the 2030 Development Agenda and a set of Sustainable Development Goals (SDGs). The SDGs succeeded the Millennium Development Goals (MDGs) at the end of 2015 and articulated a new global development agenda to eradicate poverty and shift the world onto a path of sustainable development by 2030. The SDGs build on the MDGs to complete unfinished business and include goals on poverty reduction, education, health, the environment, inequalities, and peaceful and inclusive societies (see **Figure 1**). They differ from the MDGs in that they cover a much broader range of issues; they aim to be universal—that is, applicable to all countries and not just developing countries; they call for integrated cross-sectoral solutions; and they place environmental sustainability on par with closely linked socioeconomic goals. Further, the SDG framework addresses key systemic barriers to sustainable development, such as inequality, unsustainable consumption patterns, weak institutional capacity, and environmental degradation (ICSU, ISSC, 2015).

Figure 1: The global goals for sustainable development

Integrated development is at the heart of the 2030 Development Agenda as reflected in the SDGs. The intergovernmental Open Working Group that facilitated formulation of the SDGs has emphasized that they '*constitute an integrated, indivisible set of global priorities for sustainable development*'. The SDGs holistically address the economic, social and environmental dimensions of sustainable development and should be pursued in combination, rather than individually one at a time. The SDG goals and targets are part of a system, where all goals are linked to at least one to two other goals through their targets. They represent a deep web of interrelationships and dependencies, where progress towards one goal can enhance progress in others (UN-DESA, 2015).

While only one of the MDGs was explicitly environmental (MDG 7), environmental concerns are reflected directly across seven of the SDGs, while environment indicators cut across all of the SDGs. SDG 8, in particular, commits countries to promote sustained, inclusive and sustainable economic growth, and full and productive employment and decent work for all, which largely captures the focus of inclusive green economy approaches.

The SDGs represent a framework that will significantly influence how the global community responds to current and future demands for more environmentally sustainable and inclusive growth, including shifts in public, private, domestic and international investments.

Inclusive Green Economy (IGE) approaches that address the Poverty-Environment Nexus (PEN) can play a central role in advancing the SDGs.

While a large body of work already exists on Inclusive Green Economy and related integrated poverty-environment approaches, there are still gaps in knowledge and understanding of the practicalities of embedding such approaches across the planning cycle in countries at various stages of development (developed, developing, emerging and in crisis). There is also growing country demand for such insights to inform SDG implementation. This report was commissioned with European Commission (EC) funds under the Partnership for Action on Green Economy (PAGE)[1] to help fill this gap and respond to this demand.

1.2 Objectives and approach

The high-level objectives of this study are to:

I. strengthen and deepen knowledge on the many facets of integrated development approaches, with a specific focus on how such approaches can be applied at each stage of the planning cycle; and,

II. support partner countries to mainstream these approaches into the planning cycle.

This report seeks to:

- Identify current practices and country efforts towards the joint integration of social, environmental and economic dimensions into each stage of the planning cycle, including policy development and implementation;
- Identify the constraints and bottlenecks related to a country's capacity for formulating and implementing policies and programmes that integrate the social, environmental and economic dimensions;
- Highlight the opportunities and needs for accelerating integrated planning;
- Offer examples of how national governments and stakeholders can advance Inclusive Green Economy (IGE) and Poverty-Environment Nexus (PEN) approaches within the SDG context; and,

1. The Partnership for Action on Green Economy (PAGE) brings together the expertise of five UN agencies—UNEP, ILO, UNIDO, UNDP and UNITAR—to support nations and regions in reframing economic policies and practices around sustainability to foster economic growth, create income and jobs, reduce poverty and inequality, and strengthen the ecological foundations of their economies. PAGE is currently working in eight countries: Burkina Faso, China (Jiangsu Province), Ghana, Mauritius, Mongolia, Peru, Senegal and South Africa, and aims to support up to 20 countries over seven years until 2020.

- Inform the programming of the development community, including PAGE.

This synthesis report draws on a wide range of IGE and PEN policy and programming experiences, complementary initiatives including a series of capacity-building South-South knowledge-sharing events organized since 2012, and other relevant research.

This report also draws on findings from eight national scoping studies, commissioned as part of this study, on how integrated development approaches are supporting the transition to a greener, more inclusive economy and achieving broader sustainable development objectives. The national studies present an up-to-date snapshot of where some countries stand on integrated planning, the key challenges they face, and suggested actions to accelerate their transition to an IGE in support of SDG implementation. The scoping study countries are Bangladesh, Ethiopia, Kenya, Kyrgyzstan, Peru, Rwanda, Tajikistan and Viet Nam.[2]

The countries produced reports using a common methodology and template, annexed to this report. However, given that development contexts vary, countries adopted a flexible approach to completing the template in order to capture key national circumstances and areas of focus and ensure greater national ownership. In many countries, stakeholder consultations were held to generate the information required to complete the national scoping study.

1.3 Outline of report

The rest of this report is organized as follows:

- **Section 2** presents the conceptual framework—defining integrated planning and highlighting the need to adopt integrated planning mechanisms and approaches at each distinct stage of the generic planning cycle. It also discusses why integrated planning is central to achieving the SDGs and tracks progress on integrated planning approaches since Agenda 21.
- **Section 3** presents an overview of national visions, strategies and policy frameworks in place in the scoping study countries that provide the foundation for integrated planning approaches.
- **Section 4** looks at the core phases of the planning cycle, namely: visioning, assessment of policy options, design, financing and budgeting, implementation, and monitoring and evaluation. At each stage, mechanisms and approaches (e.g., multi-stakeholder/sector platforms, legislation, working groups) that are being used by countries to implement and advance an integrated planning approach are identified, as well as the main barriers and challenges to their broader adoption and effectiveness.
- **Section 5** identifies five key areas of support to accelerate the transition to integrated planning in support of sustainable development.
- **Section 6** summarizes the key findings of the report and concludes.

2. The national scoping study countries were selected based on the following criteria: (i) geographic representation; (ii) policy and institutional settings (e.g., countries with sustainable development policies/strategies as development priorities, such as green growth/economy strategies); (iii) relevant programming from UN country teams through the United Nations Development Assistance Framework and Country Programme Documents (UNDAF/CPD); and (iv) current or potential focus on UN and PAGE programming.

Black Hmong transplanting rice in a field outside Sapa town, Lao Cai province, northern Vietnam.
Photographer: Tran Thi Hoa, 2002

2

Integrated development planning and sustainable development

2
Integrated development planning and sustainable development

This section provides the conceptual framework for this study (section 2.1), which is based on a comprehensive interpretation of the planning cycle as the process throughout which a range of integrated development approaches can be applied to advance the SDG goals. Section 2.2 tracks the progress in applying integrated development approaches since Agenda 21. It also highlights the challenge of integrating the environment dimension into integrated approaches and the continued prevalence of silo-based approaches. Section 2.3 discusses how the SDGs can be seen to provide both a framework and impetus for integrated planning.

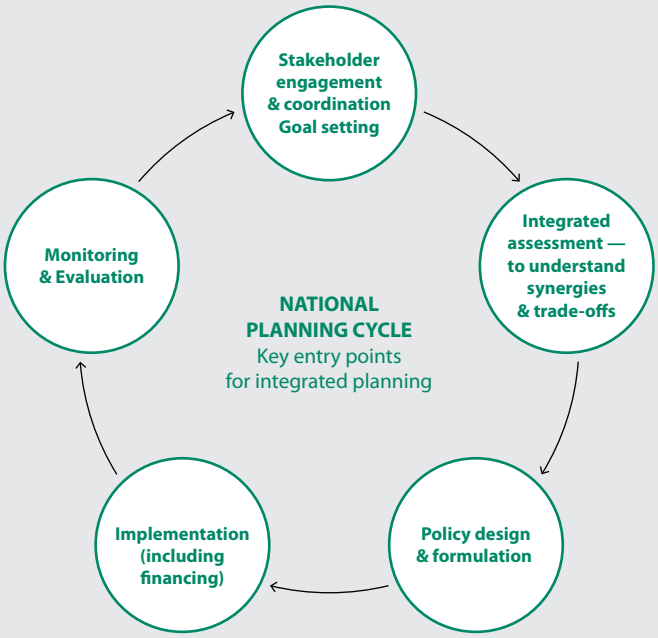
2.1 Conceptual framework

Integrated development approaches simultaneously advance multiple benefits across the three dimensions of sustainable development (social, environmental and economic). They ensure that poverty eradication and environmental sustainability go hand in hand (UNDP/UNEP, 2013). They require effective governance, policy coordination and coherence across government departments and between stakeholders to fully understand and manage the many interactions between economic growth, poverty eradication and the environment, and to ensure that policies and plans are designed and implemented in ways that do not bring progress in one dimension at the expense of another.

In practice, to realize sustainable development, integrated development approaches need to be mainstreamed into each stage of the national planning cycle. The national planning process is comprised of all the activities and decisions undertaken at national, subnational and sector level by diverse stakeholders to both develop and implement policies, strategies, plans and projects. It is underpinned by legislation and includes the following generic components over a revolving planning cycle: stakeholder engagement and coordination to set visions and goals; integrated assessments to understand the environmental, social and economic impacts (positive and negative) of different policy options across different sectors and segments of the population and the linkages (synergies and trade-offs) of policy options; policy design and formulation based on integrated assessments and stakeholder consultations; implementation of policies, plans and strategies (e.g., through investments, provision of incentives or disincentives, regulations and social interventions); and monitoring and evaluation to measure the effects of the interventions against targets and recommend corrective actions if needed. The plan-

ning, development and implementation process is country specific, but there are common elements across countries. A generic representation of the planning cycle is presented in **Figure 2** and is used as the framework for discussing possible entry points for integrated approaches at the distinct stages in the cycle. The planning cycle mirrors the policy cycle as it is commonly portrayed. Feedback loops and iterations are also common to the planning and policy cycle as depicted, although it can be challenging to capture this complexity in a single graphic.

Figure 2: Generic stages of a national planning cycle



Inclusive Green Economy (IGE) approaches can help achieve sustainable development and align with the application of integrated development approaches. There are many definitions of IGE (see annex 1), all of which seek to promote human well-being, social equity, resilience and environmental sustainability. Core common elements of an inclusive green economy include:

I. efficient resource use;

II. reducing environmental impacts;

III. reducing vulnerabilities; and

IV. promoting an inclusive and transparent approach.

UNDP (2015) highlights opportunities for achieving triple wins (revenue generation, environmental improvement and poverty reduction) through the adoption of IGE approaches across key economic sectors such as forestry, fisheries, energy and waste management. For green economy approaches to deliver on inclusion and poverty reduction, deliberate and complementary poverty reduction policies need to be integrated into their design and implementation.

IGE overlaps with other approaches such as the Poverty-Environment Nexus (PEN) and Integrated Sustainable Development (ISD). **Box 1** highlights the poverty-environment nexus, with examples from the scoping study countries. The significance of PEN to inclusive and sustainable development provides a compelling policy context and driver for integrated planning.

Box 1

The Poverty-Environment Nexus

While countries have made significant progress in a number of dimensions of poverty over the last two decades, poverty remains a key challenge across the developing world, affecting more than a billion people. Apart from income poverty, other indicators of well-being such as nutrition, maternal and child health, women's empowerment, and inequality are also matters of concern. At the same time, the world's natural capital is declining at unprecedented rates. These trends are set to both slow further progress, and undermine much of the progress made, in helping the world's poorest communities—often heavily dependent on ecosystem services—to escape and stay out of poverty.

Notwithstanding the progress made on poverty reduction, many countries continue to face challenges in **distributional equity**. Globally, the bottom 40 percent of the population shares less than 4 percent of the global GDP, and most of these approximately 2 billion people live on small farms, around forests or coastlines, and are dependent on nature and ecosystem services for their livelihoods and income-generating opportunities (UNEP, 2015). Rural poverty levels continue to be consistently higher than urban levels and there are significant regional differences. For example, in **Ethiopia** the lowest poverty eradication performance is recorded in the Pastoral Regional Sates of Afar and Somali, while in **Kyrgyzstan** and **Viet Nam** mountainous areas have the highest poverty rate. Poverty rates are often especially high for minority groups and for women. For example, in **Viet Nam** income poverty is 66.3 percent among ethnic minorities compared to a national level of 17.2 percent. The uneven distribution of income across geographical areas and social groups is repeated across other indicators of poverty. To lift all people of poverty, particularly poor rural women and ethnic minorities, natural resource–based interventions that promote environmental sustainability will be needed.

Natural assets make a fundamental contribution to meeting basic needs (e.g., providing livelihoods, shelter, food, fresh water and energy) and reducing income inequalities. Ecosystem services are estimated to contribute between 47 and 89 percent of rural incomes, the so-called 'GDP of the poor' (TEEB, 2010). The loss or degradation of these natural assets therefore has significant implications for poverty eradication and inclusive growth. Furthermore, economically important sectors such as agriculture, forestry and energy depend on ecosystem services, such as the provision of clean water, flood mitigation and erosion control. Examples of the links between environmental management, poverty, and economic development, drawing examples from the scoping study countries, are provided below.

Agriculture is the key driver of the economy in many countries, and the backbone of the economies of rural areas, where many of the poor live in all countries. Agriculture comprises between 5.2 percent (**Peru**) and 42 percent (**Ethiopia**) of GDP across the scoping study countries, employs a significant proportion of the workforce (e.g., 65 percent in **Tajikistan** and 80 percent in **Rwanda**), and makes an important contribution to foreign exchange earnings (e.g., 80 percent in **Ethiopia**). The significance of the agricultural sector to poverty eradication is apparent in the magnitude and vulnerability of small-scale farmers. For example, there

are millions of small-scale farmers in both **Kenya** and **Ethiopia**, while in **Kyrgyzstan** 67 percent of farmers are smallholder farmers. These people typically have low qualifications and education levels and would struggle to find jobs in other sectors of the economy. Family-based farming contributes to subsistence and food self-sufficiency.

Forests play an important role in providing livelihoods and increasing resilience for poor households. People rely on forests for their subsistence and as a source of income from, for example, harvested wood products, fuelwood and charcoal, and honey production. A case study in south-western Ethiopia indicates that non-timber forest products (NTFPs) account for 54 percent of the annual income of women in the area (Kassa and Yigezu, 2015). Melaku et al. (2014) similarly report that forest coffee, honey and spices alone account for 47 percent of rural household income, which is the second largest source of earning next to agricultural activities (contributing 50 percent), in their sample study area in the south-west. In **Viet Nam** at least 25 million people are forest dependent, obtaining 20 percent of their income from forest resources (CIFOR, 2012).

Wetlands are a critical resource for the rural poor, providing, for example, water for domestic use, irrigation and livestock, fish, reeds for thatching, and dry season grazing for livestock and wildlife. They also support key industries. For example, the floriculture industry is largely supported from irrigated farms on Lake Naivasha, in **Kenya**. The wetlands in western **Ethiopia** and around the Rift Valley lakes and Lake Tana in the north support agricultural activities and are important sources of livelihoods for millions of people.

Groundwater is an increasingly valuable resource but is poorly understood and vulnerable to over-abstraction and pollution. In **Kenya**, groundwater often constitutes the sole reliable and accessible source of water, especially in arid and semi-arid lands, and it is also important for public water supply in a number of major urban areas. Some industries use groundwater for their processes, such as brewing, bottling and mineral water production. It is also crucial for irrigation and in maintaining wetlands and base flow in rivers during dry periods, and for maintaining Kenya's rich ecology and biodiversity.

Fisheries can help meet the nutritional needs of the poor. Fishing is one of the main economic activities in **Peru** and the main product—the Peruvian anchovy (Engraulis ringens)—allows the country to remain the top producer and exporter of fishmeal and fish oil worldwide. This resource could also be used to address child malnutrition in Peru. In **Bangladesh** the fisheries and aquaculture sector has emerged as the second highest contributor to export earnings. Bangladesh produces 2.5 percent of the world's shrimp. Fish provide an important source of protein and in 2010-2011 fisheries were the main source of income for 5.5 million people. The migration of poor communities from the coastal region to urban areas has been reduced through increased livelihood and sustenance opportunities created by fisheries in rural areas.

Mining can make significant contributions to GDP, foreign exchange earnings and employment, but may not benefit poor communities who cannot access good jobs in mining and whose livelihoods are reduced by environmental degradation caused by mining. Government policies and regulations need to ensure environmental and social safeguards and the reinvestment of mining profits into local communities.

2.2 Integrated development planning—where we stand in 2015

While integrated planning and implementation has long been acknowledged as being central to sustainable development (**Box 2**), ensuring such approaches take place remains a significant challenge. While countries have made advancements in developing environmental legislation and integrating environmental considerations across sectors, traditional sectoral and silo-based planning approaches still dominate; such approaches cannot address complex sustainable development challenges whose interdependencies and interlinkages transcend individual sectors and national borders. The ongoing lack of integration across sectors in the development of strategies and policies and their implementation hinders sustainable development (UNDESA/UNDP, 2012). Insufficient understanding and accounting of trade-offs and synergies across sectors has resulted in incoherent policies; adverse impacts for some sectors in cases where development policies are focused specifically on other sectors; and, ultimately, in diverging outcomes and trends across broad objectives for sustainable development (Le Blanc, 2015). Integrated development planning has further suffered from insufficient stakeholder buy-in.

Box 2

International endorsement of integrated development approaches

Agenda 21, established at the 1992 United Nations Conference on Environment and Development, cemented the political consensus that integration of the environment into development planning was critical for sustainable development and highlighted the importance of integrated planning within sectoral approaches. It posited that a '*fundamental reshaping of decision-making*', coupled with '*significant changes in the institutional structures of government*', may be necessary '*in order to enable more systematic consideration of the environment*' across sectors in policy decisions (UNDESA, 2015).

Based on a synthesis of 60 national reports prepared ahead of Rio+20, UNDESA/UNDP (2012) cites major problems with '*integration, inclusion, and coherence*' and concludes that '*Countries main focus continues to be on economic growth and poverty reduction … and the integration of environmental considerations is generally lagging behind.*' They find little evidence that countries see environmental sustainability as necessary for long-term growth, while 'social' concerns such as health and education, or inclusion and empowerment, are seen as residing in the MDG framework rather than being integral to the sustainable development agenda. Bringing together these interdependent agendas in the minds of policymakers and practitioners, as well in policy frameworks, development plans, expenditure frameworks and implementation strategies, is cited as the central task in the post-Rio era.

The **Rio+20 Outcome Document (2012)** notes the inadequacy of sector-based strategies by calling for '*holistic and integrated approaches to sustainable development*' (paragraph 40), and sustainable development goals that '*address and incorporate in a balanced way all three dimensions of sustainable development and their inter-linkages*' (paragraph 246). Paragraphs 100 to 103 advocate '*institutional coherence and harmonization of relevant development policies, plans and programmes*' and call upon countries '*to strengthen national, sub-national and/or local institutions or relevant multi-stakeholder*

bodies and processes … dealing with sustainable development, including to coordinate on matters of sustainable development and to enable effective integration of the three dimensions of sustainable development.'

At its inaugural meeting in July 2014, the High-Level Political Forum (HLPF) on Sustainable Development[3] highlighted the '*intrinsic interlinkage between poverty eradication and the promotion of sustainable development,'* and '*underline[d] the need for a coherent approach that integrates in a balanced manner the three dimensions of sustainable development*': economic, social and environmental.[4]

Despite progress by governments over the past 20 years to adopt integrated planning by mainstreaming poverty alleviation and other social concerns into development planning, the integration of environmental considerations has lagged (UNDESA/UNDP, 2012). Efforts towards achieving poverty reduction objectives often failed to include an environmental dimension, while environmental measures have often operated in a silo, not relating to the root causes of poverty. The weak integration of the environment into other sectors, development policies, institutions, and investment decisions has hampered and even in some cases reversed development achievements at all levels (UNDP/UNEP, 2013). In terms of the Millennium Development Goals (MDGs), it is widely acknowledged that many of the targets encapsulated in MDG 7, which relates to environmental protection, have not been achieved and in some cases have been negatively impacted by the policies and actions aimed at achieving other goals (United Nations, 2013 and 2014; UNEP, 2012). Further, one of the most important reflections made on the MDGs was the **poor integration of environmental sustainability and poverty reduction**. This suggests a lack of understanding of the linkages and trade-offs between the environment and social and economic development.

Efforts to integrate social concerns (e.g., poverty reduction, education, health) into national and sectoral planning was further supported by the MDGs, with most countries mainstreaming the MDGs into their national development plans and planning processes. Explanations for why the MDGs more successfully mainstreamed social aspects into national plans and processes than environmental issues are highlighted below (UNDESA/UNDP, 2012). They provide pointers for the better integration of environmental factors.

- MDGs and national development plans had a shared focus on poverty reduction, as well as socioeconomic issues such as maternal and child health, education, gender and equity.
- The MDG focus on ending extreme poverty could be built on poverty reduction strategy processes, which are typically the responsibility of the comparatively powerful planning and finance ministries, unlike national sustainable development plans and goals, which were frequently housed in less powerful and less well-funded environment ministries.
- A globally accepted set of indicators, with clear goals, targets and time frames providing countries with a ready measure of progress (and a measure for civil society to use in holding their governments accountable for progress and to make international comparisons).
- Comparatively high level of visible political commitment attached to the Goals.

3. The HLPF is a new multilateral governance structure created to 'provide leadership and guidance' in addressing the complex challenges of achieving sustainable development.
4. United National Economic and Social Council, E/2014/L.22-E/HLPF/2014/L.3.9, July 2014, Paragraph 16

2.3 Looking forward—integrated development planning and the SDGs

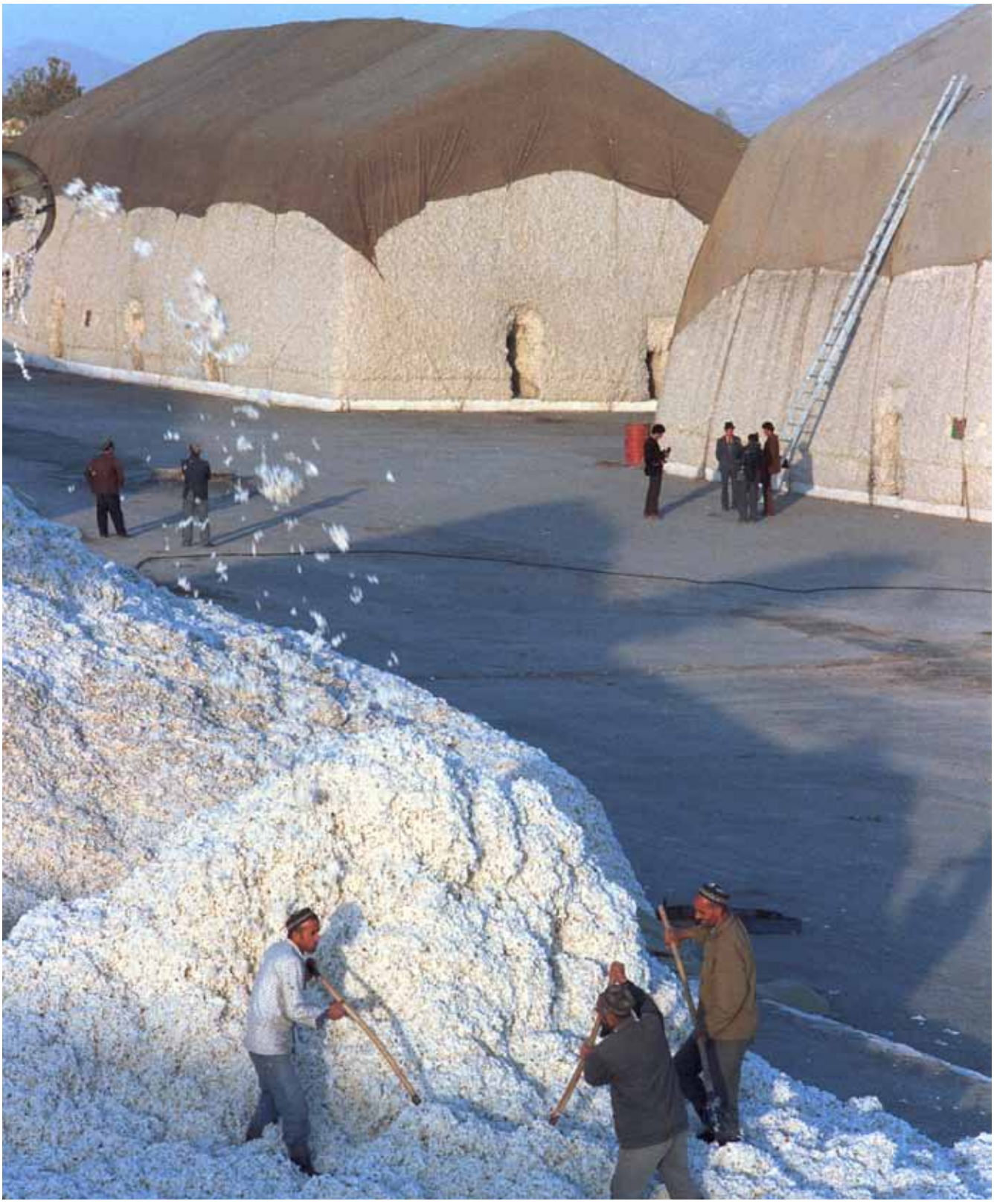
The SDGs have the potential to promote integration, coordination and coherence across the policy/planning cycle. The integrated nature of the SDGs has the potential to facilitate cross-sector dialogue and policy integration and coherence across sectors. In designing and monitoring their work, national agencies concerned with a specific goal (e.g., education, health, economic growth) will be aware, through the SDG framework, of targets that refer to other goals. This, in turn, can spur cross-sector, integrated work. Such drivers will also apply to international development agencies and so may influence their planning and funding. For example, SDG 2 on ending hunger links to specific targets on land management, agricultural production methods and terrestrial ecosystems and should encourage collaboration across institutions responsible for these issues and coherent policies that account for trade-offs (for example in the case of biofuels) (Le Blanc, 2015). The links among goals through targets may also facilitate the mainstreaming of dimensions that previously suffered from not having strong sectoral anchoring in development institutions, such as sustainable consumption and production.

Le Blanc (2015) explores the extent to which the structure of the proposed SDGs and associated targets reflect the objective of better integration across sectors. He undertakes a 'political mapping' of the SDGs, which is based purely on the wording of the SDG targets. The basis for the analysis is a matrix that links every target of the SDGs to all the goals to which its wording refers. Out of the 107 targets,[5] 60 explicitly refer to at least one other goal than the one to which they belong. Nineteen targets link three goals or more. Such targets create indirect, or 'third party' links among goals. Inequality, Sustainable Consumption and Production (SCP), poverty, hunger and education are the 'core' of the SDG network. However, the political mapping reveals that important links that exist among sustainable development areas through the relevant biophysical, social and economic systems are not explicitly reflected in the proposed SDGs (ICSU and ISSC, 2015, and Le Blanc, 2015). For example, the SDGs do not link energy and industrialization or the oceans and climate change, while energy and climate change are weakly linked. Therefore, additional modelling/analysis of the applicable biophysical and economic systems is required to ensure that the interdependencies among sectors are taken into account in strategy and policy formulation.

Ecosystem sustainability is key to social and economic development and can only be secured through an integrated planning approach. One of the great strengths of the SDG framework is its recognition of the intimate links between human well-being, economic prosperity and a healthy environment. In its adoption, it must send out a clear message that restoring and maintaining the health of the natural resource base is a necessary condition for eradicating poverty and sustaining economic progress for all (UNEP, 2015a). Modelling shows that policies designed to address a limited set of goals—for example only one of the three dimensions of sustainable development—can impede progress for the other dimensions and have negative impacts on human well-being overall (UNEP, 2015a).

Box 3 provides some examples of cross-sectoral linkages, which clearly illustrate the need for integrated approaches to ensure that policies promote, rather than hinder, sustainable development goals.

5. The analysis omits targets related to the 'means of implementation', such as finance, trade technology transfer and capacity-building, and SDG 17, which is dedicated to a cross-cutting means of implementation for the whole set of SDGs.



Cotton Storage.
Photographer: Gennadiy Ratunshenko

Box 3

Sector linkages and opportunities for integrated planning

Policies can have very positive impacts for certain sectors and create issues for others. Therefore, looking at multiple policy areas in relation to one another can provide critical insights into the opportunities for achieving specific goals simultaneously, and avoiding the external (cross-sectoral) costs of single sector–focused policies. Some examples of cross-sectoral linkages, and hence the need for integrated policymaking, are provided below.

Agricultural policy needs to be sensitive to a variety of factors, which requires cross-sectoral workings. Food production systems can only be sustained if they combine high yields with the efficient use of water, nutrients and energy. Agriculture needs to consider ecosystems such as forests and wetlands to support production and ensure that farming systems are resilient to climate change and disasters. Equity issues also need to be addressed by securing farmers' land rights and increasing the proportion of rural households with access to low-interest credits. Where the use of forest areas, for example for fuelwood, is accelerating the deforestation of watersheds, alternative livelihoods and sustainable energy sources for local communities may need to be found to support sustainable agricultural productivity. IGE approaches have the potential to deliver multiple benefits—greening the agriculture sector can improve soil quality and increase yields and production, and consequently farmers' incomes. Additional positive effects and synergies include improvements in nutrition (social), reductions in food imports (economic), and reductions in the rate of deforestation (environmental) (UNEP, 2014).

Forest management has links with all 17 SDGs and aligns with the three dimensions of sustainable development (economic, social and environmental). For example, forests can provide food and nutrition to poor households, provide energy, help address climate change and are important for economic growth. Forest watersheds support water provision and sanitation. Forest ecosystem services need to be considered not only by the forest sector, but by other sectors dependent on these services and whose activities can alter their provision. This includes agriculture, energy, health and industry.

Health. There are strong linkages between health and education outcomes and child nutrition and environmental risk factors, such as water and sanitation and pollution and climate change, which should be factored into policies and interventions (IMF Fact Sheet, April 2015). Some countries are looking for win-win opportunities for improvements in health while at the same time achieving a reduction in GHG emissions.

Energy. Progress on energy efficiency (a SDG target associated with the goal on energy) depends strongly on actions from both producers and consumers in various sectors and on associated regulations, strategies and incentives.

Transport. While being a catalyst for development, transport infrastructure can at the same time result in severe negative consequences. Poorly planned roads or railways typically degrade ecosystems and fragment landscapes, impacting the wildlife movement and ecosystem services on which people and key economic sectors depend. A further important dimension to be incorporated into infrastructure planning is that ecosystems, such as forests, wetlands, and mangroves, can play a role in protecting transport infrastructure from natural hazards such as landslides and flooding, and in reducing deterioration by protecting against erosion. If these benefits are not taken into account when making decisions about, for example, where and how to build or improve roads, the consequences for surrounding communities could be severe and the economic argument for the road could be lost through the prospect of reduced longevity and

increased maintenance costs. Given that transport infrastructure both depends on and impacts ecosystem services, to ensure sustainable development it needs to be designed based on an understanding of its relationship with surrounding ecosystems and the associated economic and social consequences.

3

Overview of national visions, strategies, and policy frameworks

3
Overview of national visions, strategies, and policy frameworks

This section starts with a high-level global overview of the status of national visions, strategies and policy frameworks that support sustainable development and integrated planning approaches. It then outlines the achievements of the scoping study countries in this respect and some of the challenges that they face.

Global overview

Globally, most countries have high-level strategies and policies in place that support a transition towards a greener economy and integrated planning. Flowing from these high-level policies, there are also examples of institutions that have been established to facilitate inter-institutional (vertical and horizontal) coordination and integrated planning. By and large, however, these institutions are at the early stages of development and/or are not operating to their full potential. The regulatory framework also needs to be developed in many countries if the policies in support of IGE approaches and integrated planning are to be realized. This finding is borne out in the scoping study countries.

At least 65 countries have embarked on green economy and related strategies, with 48 of them developing national green economy plans as the centrepiece of these strategies (UNEP, 2015c). Nonetheless, according to UNDESA/UNDP (2012) there is still a widespread lack of clarity about the meaning of the term 'green economy', accompanied in some countries by apprehension about perceived risks associated with it, including the potential for imposing conditions on aid and barriers to trade. This hinders the uptake of national-level policies or plans for a green economy approach, although the formulation of economic development plans and strategies, which are more prevalent, provide the foundation for the shift to greener economies. Also, examples of small-scale projects and initiatives that address areas of the green economy such as renewable energy, agriculture, fishing, forestry for livelihoods and the like, are common. This disconnect suggests that additional efforts may be needed to clarify and help unpack the different IGE tools, methodologies and measuring frameworks, building on the text and recommendations captured in the Rio+20 Outcome Document and the ongoing follow-up at the regional and country levels.

Scoping study country examples

In **Kyrgyzstan** the National Sustainable Development Strategy to 2017 (NSDS), initiated by President Almazbek Atambayev and developed in partnership with government agencies, civil society and international organizations, offers a strategic vision for the country. On the back of the NSDS came the development of a number of additional national strategies and programmes

that have integrated the principles of sustainable development (UN Kyrgyzstan, 2013). Kyrgyzstan officially declared its support for green growth at the Rio+20 Summit in June 2012 in its document entitled 'The Perspectives of Green Economy in the Kyrgyzstan'. One of the key goals of the National Strategy for Sustainable Development (NSSD) is to promote a green economy through resource efficiency, low-carbon development, and resilient and inclusive growth. It makes a commitment to reform environmental management systems; minimize the negative environmental effects of economic activities; and preserve biodiversity and natural ecosystems. National strategies and plans on biodiversity conservation, solid waste management, chemicals, and climate change mitigation and adaption measures have been proposed as priority areas of development. President Atambayev also initiated the development of the National Strategy for Sustainable Development 2018–2023 (NSSD-2) as part of the Roadmap for the Implementation of the SDGs in Kyrgyzstan on the basis of the country's Long-term Sustainable Development Concept until 2030. The NSSD-3 (2024–2030) is also part of the Roadmap.

Kenya is a country in transition. The General Elections of 2013, the first under the new Constitution, saw a restructuring of the Government, including a reduction in the number of ministries from 42 to 19 and a move away from a highly centralized system to two levels of Government—National Government and 47 County Governments. Vision 2030 is the product of a 10-month inclusive stakeholder process. One of the key aims for Vision 2030 is the realization of the new Constitution. It is anchored on three pillars: economic, social and political governance. The economic pillar aims to achieve an average economic growth rate of 10 percent per annum. The social pillar seeks to create just, cohesive and equitable development in a clean environment. The political pillar aims to realize an issue-based, people-centred, results-oriented and accountable democratic system. The Constitution of Kenya 2010 recognizes a healthy environment as a right and calls for '*sustainable exploitation, utilization, management and conservation of the environment and natural resources*'. Vision 2030 seeks to provide a clean and secure environment and, significantly, the Government's Second Medium Term Plan (2013–2017) endorsed the development of a comprehensive national green economy strategy. The green economy is an idea that is slowly but firmly taking root in Kenya (**Box 4**).

Young man on his Houseboat. Photo taken as part of Development 360 project.
Photographer: Scott Wallace

Box 4

Green economy initiatives in Kenya

The green economy concept is in the very initial stages in Kenya. Since the General Election in 2013 the emphasis has been on establishing new institutional arrangements, harmonizing existing structures, and undertaking necessary legal reforms in line with the new Constitution. While this has slowed progress towards a green economy, notable initiatives include: (i) the elaboration of a national climate change strategy and action plan and the aim to embrace a low-carbon development pathway that is inclusive, equitable, and competitive; (ii) an assessment of the green economy status for Kenya; (iii) through the Greening Kenya Initiative (GKI), the Government developed a database on green economy activities that highlights efforts on the manufacturing of eco-friendly materials, tree planting, organic farming, fish farming, renewable energy, eco-labelling, solid waste management and environmental management, among others; (iv) a public environment expenditure review with the support of UNDP; (v) REDD and REDD+ initiatives, with the Kenya Forest Service (KFS) setting aside specific forest areas to be managed by communities and the resulting returns from carbon credits to be used for green community ventures; and, (vi) a reorganized, rebranded National Youth Service (NYS) is being funded to recruit and engage many more youths in **public works programmes** (e.g., drainage systems and sanitation in urban slums). KSh 25 billion has been committed to NYS in the financial year 2015–2016 and in the past year over 10,000 young people joined from all constituencies of the country. This integrated approach both addresses unemployment and enhances the environment.

Over the last two decades **Ethiopia** has experienced a radical political and administrative restructuring, in transitioning from a centralized command economy to a decentralized system of increased private initiatives and participatory development planning. The **1995 federal constitution** established nine autonomous regional states. The federal arrangement has been designed to:

I. address the political question of self-rule by the country's different nations and nationalities;

II. foster decentralized decision-making;

III. achieve a bottom-up approach of participatory development planning; and

IV. build local capacity for effective service delivery.

The new federal system of governance has involved creating the necessary legal framework, developing institutions, and restructuring and developing different sectoral policies, strategies and programmes. The 1995 federal constitution is a unifying legal framework for an integrated national development planning system in Ethiopia. It states that people have the right to sustainable development and embraces public participation, the equal distribution of wealth, regional equity, the provision of a clean and healthy environment for all, a duty of environmental protection for all citizens and a condition that programme and project implementation shall not damage or destroy the environment. The Government has elaborated a series of medium-term plans to achieve the long-term goals of poverty eradication and sustainable development. The **Growth and Transformation Plan (GTP I) (2010–2015)** is directed towards Ethiopia's long-term vision of becoming a middle-income country and sustaining broad-based economic growth. The medium-term plan and the **Climate-Resilient Green Economy Strategy (CRGE) 2011** were prepared based on a shared vision of poverty eradication and inclusive (green)

growth. This vision is reiterated in the forthcoming **Growth and Transformation Plan (GTP II) (2016–2020)**. More details on the CRGE are provided in annex 2.

The sustainable development approach has been a part of **Peruvian** planning and policymaking since the early 1990s. Peru now has a comprehensive institutional framework in place for coordinating long-term national and subnational planning and policymaking, including:

- Long-term national development policies and plans (*Acuerdo Nacional and Plan Bicentenario 2011–2021*). The 31 policies set out in the **National Agreement (Acuerdo Nacional)** in 2002 reflect collective, long-term development aspirations that were agreed upon by representatives of government, political parties and civil society during the democratic transition period. These policies are a reference for planning by the leading planning agency (CEPLAN) and other actors, and are organized into four areas: democracy and rule of law; equity and social justice; country competitiveness; and the efficient, transparent and decentralized state. Of note is that sustainable development and environmental goals are only mentioned within the 'country competitiveness' axis as part of a single state policy: 'sustainable development and environmental management'. Thus, at this level there is some degree of integration between economic and environmental concerns, but a limited notion of sustainability linked primarily to environmental policies. Peru's national strategic plan—**Plan Bicentenario 2021**, is oriented by the concept of human development and the 31 state policies in the National Agreement. The plan's reach is multisectoral and involves all regions, provinces and districts, and it includes consideration of the sustainable use of natural resources;
- A national strategic planning system (SINAPLAN) and leading planning agency (CEPLAN);[6]
- Rules and sequences for the strategic planning process at all levels of government (the 2014 *Directiva General del Proceso de Planeamiento Estratégico*);
- Mechanisms for vertical (national-regional-local) and horizontal (cross-sectoral) policy coordination.

In addition, several national priorities and strategies have been set in recent years, oriented towards linking economic growth with sustainable improvements in living conditions and access to opportunities for the most excluded social sectors and regions of the country. These include the National Strategy for Inclusion, the National Rural Development Strategy and the National Food Security Strategy. There are also strategies related to the health, education, agriculture and labour sectors that are more specifically oriented to social goals. Notwithstanding a number of important developments, Peru has only recently undertaken the preparation of an integrated national strategic framework to address its economic, social and environmental challenges. However, growing public and private concern for environmental issues makes this process increasingly feasible. Several ongoing processes and initiatives have the potential to integrate into a green growth strategy for sustainable development in Peru in the next years, but most of these efforts are still running on parallel tracks, or their coordination and articulation processes are in the initial stages.

In **Bangladesh**, Vision 2021 calls for a transformation from a low-income economy to the first stages of a middle-income nation by the year 2021, providing opportunities and social access for all and environmental sustainability. The National Sustainable Development Strategy (NSDS) 2008, supported by UNEP, seeks to '*ensure sustained economic growth, environmental protection and social justice which implies improvement of livelihood options of the people, reduction of poverty; ensuring wise use of natural resources, good governance and people's participation*'. It sets out a development vision to 2030. Bangladesh has comprehensive environmental rules and regula-

6. Formally created in 2005, but did not begin to operate until mid-2008.

tions (managed through the Ministry of Environment and Forest). The country does not have a separate green growth strategy, but a number of core plans and strategies address various aspects of green growth. For example, the sixth Five-Year Plan (2011–2015) elaborates a green strategy and commits to building capacity to mainstream poverty, the environment and climate change into development planning, budgetary processes and project implementation and monitoring. Specific initiatives are set out, such as tax rebates for environmental businesses and a number of institutional and regulatory reforms, but the plan lacks a detailed action plan. Thus, green growth is yet to be fully conceived, envisioned and integrated into national planning and Bangladesh. A recent scoping study notes that while the term green growth is widely used in Bangladesh, the meaning and usage of the term is broad and ill-defined. Sometimes it is regarded in terms of environmental protection and other times it tends more towards longer-term low-carbon development (Oxford Policy Management, 2014).

The overall development process in the **Republic of Tajikistan** is guided by its **National Development Strategy** and mid-term development strategies (MTDS) or so-called **Poverty Reduction Strategy Papers**. Tajikistan is in the process of elaborating its **National Development Strategy for 2016–2030** (NDS-2030), which, in a departure from previous development strategies, is focused on sustainable development. The **National Mid-Term Development Strategy for 2016-2020**, an implementation mechanism for the NDS-2030, is focused on ensuring the rule of law, reducing gender inequality, expanding social inclusion, developing a national Strategic Environmental Assessment (SEA) system, implementing measures to address climate change and disaster risk management, and enhancing international cooperation.

Transitioning to a green economy is a priority of the Government of Tajikistan, and it has been endorsed by the President (OSCE, 2014). Tajikistan is already implementing green economy policies; for example, the Government recognizes the importance of energy efficiency and has implemented several green economy initiatives linked to renewable energy (WECOOP, 2014), but it does not have a specific GE strategy. Tajikistan has good potential for green economic development (UNECE, 2013). By adopting innovative green technologies in specific sectors, the country could rationalize its use of natural resources, increase efficiency, reduce operational costs and create many green jobs. Challenges and opportunities for a green economy include:

I. Efficient environmental management and the introduction of green technologies would help to reduce environmental degradation estimated to cost about 10 percent of Tajikistan's GDP;

II. Tajikistan has more water reserves than any other country in the world. Its potential hydropower output of 527 billion kWh per year is three times the electric power consumption of Central Asia. Water can therefore drive the greening of key economic sectors through the production of clean energy.

III. Other renewable energy sources, in particular solar, could satisfy 60 to 80 percent of the population's demand for 10 months of the year and the export of surplus energy could alleviate shortages of energy in neighbouring Central Asia (OSCE, 2014).

Barriers to the development of a green economy in the Republic of Tajikistan include:

I. a weak investment climate;

II. a lack of domestic resources;

III. environmentally harmful subsidies;

IV. weak infrastructure for the widespread introduction of green technologies; and

V. a limited legal framework focused on green growth.

Table 1 provides an overview of key visions and strategies and institutions supporting integrated planning for sustainable development and inclusive green growth across the scoping study countries.

Table 1: Overview of key visions and strategies and institutions supporting integrated planning for sustainable development

Country	Key institutions responsible for integrated planning	Key visions & strategies	Specific Inclusive Green Economy policies
Ethiopia	National Planning Council & Commission Environment Council CRGE Facility Secretariat (Ministry of Finance and Economic Development)	Constitution (1995) The Growth and Transformation Plan (GTP II) 2016–2020 The Climate-Resilient Green Economy Strategy	The Growth and Transformation Pan (GTP II) 2016–2020 embraces a commitment to build a climate-resilient green economy The Climate-Resilient Green Economy Strategy
Viet Nam	Ministry of Planning and Investment (MPI) National Sustainable Development Office (MPI) National Council for Competitiveness Improvement and Sustainable Development National Committee on Climate Change Inter-ministerial Coordinating Board for National Green Growth Strategy	Socio-Economic Development Strategy (SEDS) 2011–2020 Strategic Orientation for Sustainable Development in Viet Nam for the period 2011–2020" (Viet Nam Agenda 21) Decision on National Action Plan for Sustainable Development 2013–2015 Comprehensive Poverty Reduction and Growth Strategy (CPRGS) National Strategy for Social Safety Net for 2011–2020	National Green Growth Strategy (NGGS) National Action Plan on Green Growth (NGGAP) 2014–2020
Rwanda	Ministry of Finance and Economic Planning	Vision 2020 Economic Development and Poverty Reduction Strategy (DPRS II, 2013–2018)	Green Growth and Climate Resilience Strategy to 2050 (2011)
Peru	CEPLAN Ministry of Environment (MINAM)	Political Constitution (1993) National Agreement (2002) Plan Bicentenario 2021	Several ongoing initiatives could be integrated into a green growth strategy but require leadership and coordination
Kenya	Office of the President Planning Ministry The Green Growth Secretariat	The Constitution (2010) Vision 2030	The Medium Term Plan (2013–2017) endorsed the development of a comprehensive national green economy strategy

Country	Key institutions responsible for integrated planning	Key visions & strategies	Specific Inclusive Green Economy policies
Kyrgyzstan	Department of Strategic Planning National Council for Sustainable Development Coordination Committee on Climate Change Problems (CCCCP)	The National Strategy for Sustainable Development (NSSD) to 2017 The Programme of the Government for Transition to Sustainable Development (PTSD) 2014–2017 The National Strategy for Sustainable Development 2018–2023 The Long-Term Sustainable Development Strategy (to 2035) The Perspective of a Green Economy in the Kyrgyzstan (Rio+20)	The NSSD (PTSD) promotes a green economy
Bangladesh	The Planning Commission National Environmental Council (cross-sectoral body headed by the Ministry of Environment & Forests) Environment Committees (at the Division, District and Upazilla levels)	Vision 2021 Prospective Plan (2010–2021) Five-Year Plan (2011–2015) National Sustainable Development Strategy (2008)	Five-Year Plan (2011–2015) encompasses a green growth strategy
Tajikistan	Ministry of Economic Development and Trade (MEDT) The National Development Council The National Commission for Sustainable Development (NCSD)	The National Development Strategy (NDS) 2007–2015 & 2016–2030 (in preparation) Poverty Reduction Strategy Paper 2013–2015 & 2016–2020 (in preparation) Concept of Transition to Sustainable Development for the period 2007–2030 Living Standards Improvement Strategy for 2013–2015	No specific green economy strategy, although transition to a green economy is supported by the Government.

Terrace, Agriculture. Nyakiviba, Rwanda
Photographer: Arne Hoel

4

National Development Planning—current initiatives and common challenges

4
National Development Planning—current initiatives and common challenges

This section outlines the mechanisms and approaches that are being used by countries to design and implement integrated policies and plans at each stage of the planning cycle, and the challenges countries typically face. Illustrative examples are drawn from the scoping study countries. The subsections cover specific stages of the planning cycle, namely: section 4.1—visioning, including stakeholder engagement and coordination to set integrated goals and visions; section 4.2—integrated assessments to understand linkages and trade-offs; section 4.3—policy design, formulation and implementation; section 4.4—budgeting and financing; and section 4.5—monitoring and evaluation.

Table 2 summarizes the mechanisms in place to support integrated planning and gives an overview of the status of integrated planning and implementation across selected scoping study countries.

4.1 Visioning

This subsection looks at the processes and coordination mechanisms that have been adopted to develop collective development aspirations, which can be subsequently developed into integrated development policies and plans that serve as national visions. Drawing on the scoping country studies, this subsection illustrates what mechanisms are being used; the plans to develop and strengthen these mechanisms; awareness and actions by central ministries of finance and planning to promote integrated planning; and challenges, gaps and bottlenecks to coordinated agenda setting and visioning.

A number of countries have established bodies to coordinate and champion integrated planning. Such coordination is promoted through programmes like PAGE, where one of the key criteria of becoming a PAGE partner country is the establishment of interministerial coordination mechanisms.

In **Kyrgyzstan** the **National Council for Sustainable Development**[7] was created in November 2012 to oversee and coordinate the process of setting the country's development priorities. It is chaired by the President and includes all branches

7. 'The National Council for Sustainable Development of the Kyrgyz Republic', www.president.kg/ru/apparat_prezidenta/sovety_pri_prezidente/natsionalnyj_sovet_po_ustojchivomu_razvitiju_kyrgyzskoj_respubliki/.

Table 2: Summary of integration mechanisms and status of integrated planning and implementation

Country	Integration mechanisms	Overview
Kyrgyzstan	**Coordinating & visioning:** National Council for Sustainable Development; Department of Strategic Planning (Ministry of Economy); consultative advisory councils; Poverty-Environment Initiative (PEI) Programme Board. **Policy design and adoption:** Inter-agency working groups; National Council for Sustainable Development; Department of Strategic Planning (Ministry of Economy). **Implementation:** National Council for Sustainable Development. **M&E:** Framework being developed based on OECD conceptual framework.	The newly created platforms are not yet effective, and consequently coordinated approaches to resolving problems at the national level have not developed. **Challenges:** Implementation; lack of political responsibility and government processes; weak communication within central authorities and between central and local authorities; insufficient data; low level of awareness on the poverty-environment-climate change nexus.
Kenya	**Coordinating & visioning:** Interministerial committees; the Green Growth Secretariat; stakeholder forums. **Policy design and adoption:** No policies are currently made by cross-sectoral working groups; green growth working group makes contributions to documents being developed by ministries. **Implementation:** Cross-sectoral working groups. **M&E:** Nothing specific on green growth/SD.	Joint integrated planning is not common. Strictly speaking, and other than for important national policy decisions, no policies are currently made by cross-sectoral working groups. This is partly because of challenges facing integration and also because of the way the budget is structured and allocated. However, cross-sectoral working groups are more active in the coordination and implementation of projects. **Challenges:** Developing coherence and synergies between national–county governments functions; implementation; political economy/distributional issues; funding (and competition for resources between sectors); capacity (lack of training and resistance to change); lack of incentives.
Ethiopia	**Coordinating & visioning:** Interministerial steering committee, technical committees and working groups. **Policy design and adoption:** National Planning Council; National Planning Commission; Open Public Consultations. **M&E:** Newly organized Monitoring and Evaluation bureau directed by the Deputy Commissioner of the National Planning Commission, with units in key ministries and regional offices.	In **Ethiopia** the federal policy on natural resources and the environment seeks to promote sound management and use of natural resources, but implementation is slow. **Challenges:** National Planning Commission has a shortage of skilled staff to undertake the policy analysis needed to inform policy decisions. Support is required to develop M&E systems and approaches to support integrated planning.

Country	Integration mechanisms	Overview
Peru	**Policy setting:** Autoridad Nacional del Agua (National Water Authority); the National Environmental Education Policy (2012); *Plan Especial Multisectorial (PEM)*; *Plan Especial Territorial (PET)*; the Roundtable for Poverty Reduction (MCLCP). **Implementation:** Intergovernmental commissions, general managers at regional level responsible for coordination. **M&E:** Diverse institutional arrangements in government and civil society and at the national and subnational level. Examples include CEPLAN, the Council of Ministers, the Intergovernmental Coordination Council and the Roundtable for Poverty Reduction.	Visions and plans tend to link the social, environmental and economic dimensions of development, although generally not in a fully integrated, holistic manner. However, this relatively multidimensional approach is not generally carried on to multi-year programming and budgeting and the formulation and implementation of sectoral policies. The planning system is still maturing. **Challenges:** Lack of understanding and/or appreciation of the multidimensionality of sustainable development; weak link between planning and actual policymaking and budget processes compounded by relatively weak planning institutions and processes vis-à-vis well-established programming and budgeting systems; lack of transparency in policymaking; lack of capacity and resources at regional level.
Viet Nam	**Coordinating & visioning:** Drafting committees. **Policy design and adoption:** Consultation workshops; public consultations. **Implementation:** Sustainable Steering Committee. **M&E:** Lead drafting agency, National Council or Steering Committee may be established for integrated plans.	There are no clear examples of an adopted development strategy/plan/policy addressing poverty and sustainable development simultaneously. These two aspects are often addressed separately as strategic objectives and targets in Socio-Economic Development Plans (SEDPs)—the core integrated development plans of Viet Nam. **Challenges:** Limited private sector and civil society engagement; low awareness across ministries and provinces; overlapping policies; lack of coordination between steering groups; insufficient enforcement/implementation; lack of resources for implementation; inadequate linking of policies to funding and budgeting.
Bangladesh	**Coordinating & visioning:** The Planning Commission, the National Environment Council (headed by the Prime Minister), Environmental Committees at Division, District and Upazilla levels. **Policy design and adoption:** Interministerial meetings (which may also be attended by the private sector and civil society); meetings of the Secretaries of Ministries (to check coherence of policy with other sector plans and objectives and national goals before final parliamentary approval). **M&E:** Implementation, Monitoring and Evaluation Division (IMED).	In the process of building institutional capacities to further integrated planning. Traditional growth models still dominate government thinking, despite the extensive work that has been undertaken on climate mitigation, resilience and finance. An integrated framework to map the costs and benefits of green growth over time is missing, and policymaking is based on limited information. Moreover, given the limited formal linkages between social and green growth policy, there are no monitoring mechanisms in place to assess the welfare and distributional effects of potential green growth policies. **Challenges:** Low technical capacity of agencies, low awareness of the benefits of green growth among policymakers and weak evidence base, weak coordination across communities, need for enhanced public-private partnerships.

Country	Integration mechanisms	Overview
Tajikistan	**Coordinating & visioning:** Round tables, public hearings, cross-sectoral working groups. **Policy design and adoption:** Gradually, transparency and civil society and sectoral actor engagement in discussions on draft legislation is being increased.	There is no formal mechanism for ensuing that sectoral policies, programmes and strategies are developed in an integrated a manner. **Challenges:** Weak capacity of government institutions; insufficient political will and commitment; insufficient cooperation and information exchange; low quality of planning processes; insufficient consideration of sustainable development in budgeting and financing systems; lack of data and ineffective monitoring systems.

of Government, the private sector, and civil society. In 2013, the Ministry of Economy created a **Department of Strategic Planning** responsible for generating long-term development concepts, coordinating the development of relevant documents, evaluating proposed programmes, conducting analysis of risks and challenges, and monitoring the implementation of government programmes. It has three subdivisions: Sustainable Development, Monitoring and Evaluation, and Methodology and Expertise. In addition, **consultative advisory councils and boards**, comprised of experts, business representatives and civil society organizations and formed under ministries and other administrative bodies, have become inherent to national development planning (Nogoibaeva, 2014).

Development planning in **Tajikistan** is led by the **Ministry of Economic Development and Trade** (MEDT) in coordination with all relevant ministries and agencies. The **National Development Council under the President of the Republic of Tajikistan** was formed in 2007 to ensure interaction between state institutions, the private sector and civil society on implementation of the National Development Strategy (NDS) 2007–2015 and its midterm poverty reduction strategies. The **National Commission for Sustainable Development (NCSD)** was established in 1998 to coordinate the work of ministries and organizations involved in the development and implementation of the strategies and programmes for sustainable development, and to facilitate the introduction of the principles of sustainable development into all spheres of society (UNECE, 2012). **Cross-sectoral working groups** have been established at both national and local levels to coordinate actions and elaborate polices. This is particularly true in the formulation of strategic policy papers, such as the Poverty Reduction Paper and the National Development Strategy. To accommodate the process, the Government of Tajikistan has issued a resolution on the formation of intersectoral working groups. However, legal and public policy experts have advocated for better regulation on the establishment and mechanisms of legislative working groups to improve their efficiency and outputs (Asadov, 2014). In order to elaborate the NDS 2030 and the Mid-Term Development Strategy (MTDS) 2020, a two-tier Inter-Ministerial Working Group has been established. The first level consists of 17 senior members (ministers and senior advisors) from a cross section of departments and is responsible for coordination. The second level, established by the Ministry of Economic Development and Trade, consists of 40 sector experts (deputy ministers) responsible for providing advisory and methodological support to the 38 inter-agency working groups created and tasked with drafting the strategic documents. Expert support to the working groups was also provided by a number of local and international consultants, supported by donor funding.

In **Kenya**, the **Green Growth Secretariat (GGS)** has been established to leverage green growth opportunities. The GGS working group will include several ministries: Environment and Natural Resources; Agriculture, Livestock and Fisheries; Energy and Petroleum Development; and Industrialization and Enterprises. Once capacity of the GGS is built and fully operationalized, it will be expected to inspire and provide leadership to other sectors in green growth technologies and opportunities. The current chair of the working group is the Minister of Industrialization.

In most cases the institutional arrangements need considerable development if they are to effectively define integrated approaches. For example, the newly created platforms in **Kyrgyzstan** seeking joint solutions are not yet effective. As a result, coordinated approaches to resolving problems at the national level are at an early stage of development. The governance system in Kyrgyzstan—the National Strategy for Sustainable Development (NSSD)—is susceptible to horizontal and vertical breakdowns. Observers note a lack of communication within central authorities and weak and ineffective communication between central and local authorities. As a result, decisions are often based on narrow or corporate interests and solutions are short- and medium-term, such as the five-year (2014–2017) plan for the transition of the Kyrgyz Republic to sustainable development (PTSD). As part of *ongoing* reforms in **Kenya**, attempts are being made to be more coordinated and responsive to inter-agency or cross-sector col-

laboration and inclusive partnerships. For Kenya's **Green Growth Secretariat** to be effective and influence decision-making, three operating layers are considered necessary: Technical Officials, Senior Officials (Principal Secretaries) and high-level officials (Cabinet Secretaries). In **Peru**, coordinated agenda-setting and visioning is challenged by the relative weakness of planning institutions and their processes, including CEPLAN, vis-à-vis well-established programming and budgeting systems and processes (under the Ministry of Economy and Finance). This also makes it difficult to translate many aspects of visions and plans into actual policy instruments. In Rwanda the institutional arrangements set up to support the Green Growth and Climate Resilience Strategy need to be operationalized. These include the Technical Coordinating Committee, the National Fund for Climate and Environment (FONERWA), and the Centre for Climate Knowledge for Development (CCKD). It is intended that these institutions will adopt a sector-wide approach and work closely with development partners, civil society, academia and the private sector.

High-level political commitment to an inclusive green economy, considered critical to the development of national strategies and visions, is mixed across countries. In **Kyrgyzstan** and **Tajikistan** the Government's commitment to linking poverty and sustainable development is illustrated by its involvement in the UNDP-UNEP Poverty-Environment Initiative (PEI), which aims to support country-level efforts to mainstream poverty and environment issues into national plans, sectoral strategies, environmental and poverty policies, economic decision-making and subnational planning (UNDP-UNEP PEI, 2009). In **Kyrgyzstan** the heads of government institutions representing economy, finance, social protection, health, agriculture, the environment, mining and civil society are represented on the PEI Programme Board, chaired by the Ministry of Economy. Moreover, mid-level ministry and agency representatives[8] sit on the Programme's Inter-Agency Working Group directly involved in the implementation of the Programme. The PEI Programme successfully operates in close cooperation with other key government stakeholders such as the State Agency for Environmental Protection and Forestry, the State Agency for Local Self-Government and Inter-ethnic Relations (SALSG), and the National Statistics Committee (NSC). The (now former) Minister of Economy, Temir Sariev, acted as a Chairman of the Programme Board and is recognized as a champion for poverty-environmental mainstreaming. With the support of the PEI, the Ministry of Economy developed a legal framework for strategic planning that is oriented to sustainable development (a Bill has been now been submitted to the Government) and Guidance on Strategic Planning for Sustainable Development at the national and subnational levels (currently under consultation). In **Kenya**, although there is a clear recognition in virtually all national development policy papers of the need to address poverty, to date there is no evidence that the central Ministries of Planning and Finance see poverty and sustainable development as key drivers. Economic, social and political dimensions form the analytical and planning framework for Vision 2030. Environmental issues are subsumed under the social pillar. The integration of the social, environmental and economic dimensions of sustainable development is yet to be developed in the Kenyan political-economy narrative.

In many cases awareness of the poverty and environment nexus needs considerable support. Overall, **Kyrgyzstan** is believed to have a low but increasing level of awareness of the poverty-environment-climate change nexus (Palerm, 2014), while in **Peru** there is a lack of understanding and/or appreciation of the multidimensionality of sustainable development, especially in terms of incorporating the environmental dimension.

Broad stakeholder involvement in policy development tends to be limited. The **Kenyan** Constitution requires all state entities to interact with the general public through organized conference/

8. Ministry of Economy, Ministry of Finance, Ministry of Social Development, Ministry of Health, Ministry of Agriculture, Ministry of Emergency Situations, Ministry of Energy, State Agency on Reconstruction and Regional Development, National Statistics Committee, State Agency on Geology, State Agency for Environment Protection.

workshops or open forums, especially in the case of new policies, budgets or decisions that require broad-based consultations. In the last ten years, the Government and the private sector have established formal channels for dialogue and forums for resolving issues. However, joint integrated planning is not common. It is usual for the Government to involve the private sector and NGOs in the implementation of complex projects, but the conception and planning of such projects is not necessarily integrated except in cases of Public-Private Partnerships (PPPs). In **Viet Nam** the private sector and civil society are under-represented on drafting committees (used to develop integrated or multisectoral development plans), which are dominated by Government representatives. Furthermore, the scope to achieve horizontal coordination across stakeholders and engagement at the grassroots level is constrained by a top-down (vertical) planning process and limited preparation time. In **Tajikistan** the involvement of non-state actors in the public policy process is marginal and has limited influence on the policy process. This is especially true of research organizations and the media (Asadov, 2014).

Box 5 provides an overview of the status of integrated planning in Peru.

Box 5

Policy reforms and integrated planning in Peru

Historically, development planning in Peru has focused mainly on economic and social goals. The creation of the **Ministry of Environment** (MINAM) and the National Centre for Strategic Planning (**CEPLAN**) in 2008 provided the institutional arrangements to integrate the sustainable development approach at the highest level of the policy design process. Furthermore, the planning system promotes policy coordination and could support greater integration of sustainable development approaches into policymaking and planning processes in all territories and sectors. Nevertheless, as the framework is quite recent, it is not yet fully consolidated or well-linked to actual policymaking and budgeting processes. In the last decade, however, three reforms have reshaped the general context for policy development and implementation: (i) the process of state decentralization and regionalization that began in 2002, which has resulted in close to 2,000 elected subnational governments (at the level of regions, provinces and districts) with planning and policymaking authority in a broad number of policy sectors within their territories; (ii) a national planning system (SINAPLAN), established under CEPLAN. In practice, however, CEPLAN efforts could be strengthened. The three-year Multiannual Macroeconomic Framework of the Ministry of Economy and Finance (MEF), focused on the economic dimension of development, has a much stronger influence on sectoral and territorial policymaking and budgeting, including strategic investment plans, than long-term plans promoted by CEPLAN; and (iii) the ongoing public sector reform process that, if implemented, would significantly transform planning and policy coordination by 2021. The 2013 Public Management Modernization National Policy seeks to fully implement strategic and consensus-based planning in the Peruvian public sector, as well as principles of Results-Based Management (RBM). RBM was introduced in 2007 by MEF and is rapidly expanding in many policy sectors. RBM is also linked closely with participatory budgeting processes, which were officially adopted at the national level in 2003.

Although all of the legal frameworks for these three reforms explicitly involve the economic, social and environmental dimensions of development and policymaking, they could be strengthened by prioritizing or emphasizing the need to more fully integrate sustainable development and environmental considerations into Peruvian policymaking and planning.

4.2 Assessment tools and methodologies

This subsection presents a range of tools and methodologies available to identify and assess integrated development approaches and the challenges facing their application, especially in the scoping study countries. It does not attempt to provide an exhaustive list of assessment approaches. Of note is that a comprehensive toolkit is being developed by the United Nations Development Group. This common approach, called 'MAPS'—**Mainstreaming, Acceleration and Policy Support**—focuses on landing the 2030 Agenda at national and local levels by integrating it into national, subnational, and local planning, leveraging opportunities for catalytic investment, and addressing bottlenecks to sustained progress.[9]

The assessment tools and methodologies are organized as follows: (i) environmental and social assessments (section 4.2.1); (ii) economic assessments and natural capital accounting (section 4.2.2); and modelling tools (section 4.2.3). The virtues of system modelling tools are increasingly recognized as applicable to integrated planning solutions, but will have a lead time in terms of their general application in developing countries due to their data and expertise requirements. Section 4.2.4 discusses common challenges in the application of assessment tools.

4.2.1 Environmental and social assessments

The **Environmental Impact Assessment (EIA)** is commonly applied, and typically mandatory, such as in Kyrgyzstan, Tajikistan, Peru, Viet Nam and Bangladesh. For example, in Peru EIA is required for all new public investment projects, and for all public-private and private projects that could cause environmental impacts.

The **Strategic Environmental Assessment (SEA)** is less common. In Peru, SEA is included in the environmental impact assessment legal framework of 2008 (*Decreto Legislativo No. 1078*) as an instrument for assessing public policies, programmes and plans in all sectors and levels of government. In **Tajikistan** a law on SEA is being drafted. Recently, the Poverty-Environment Initiative (PEI) in Tajikistan supported the development of technical guidelines on strategic environmental assessment and is engaging an expert team to undertake an SEA of the NDS-2030 and MTDS 2020.

In the context of Peru's aspiration to join the OECD by 2021, an OECD **Environmental Performance Review (EPR)** for Peru is in progress.

The Consultative Group for International Agricultural Research (CGIAR) in collaboration with the Oxford University Environmental Change Institute is piloting a new analytical framework called **Participatory Social Return on Investment (PSROI)** in western Kenya.

A study by the World Bank used the **Poverty and Social Impact Assessment (PSIA)** methodology to assess Ethiopia's experience of district-level decentralized service provision on key policy outputs and human outcomes (World Bank, 2014).

9. In addition, the African Development Bank, OECD, UN and World Bank (2013) set out 'A Toolkit of Policy Options to Support Inclusive Green Growth'.

4.2.2 Economic assessments and natural capital accounting

With the support of the UNDP-UNEP Poverty-Environment Initiative, several countries have conducted **economic assessments** of the natural resource sectors, including Malawi, Burkina Faso, Armenia, Tajikistan, Lao PDR and Rwanda. In Malawi, the initiative quantified, in economic terms, the contribution of natural resources to the national economy. This raised the Government's awareness of the value of investing public sector funds in areas of the economy dependent on these natural resources (e.g., in agriculture) (UNDP/UNEP, 2013).

Natural Capital Accounting (NCA)

The overriding purpose for developing NCA is to improve decision-making. NCA provides an integrated and consistent measurement of environmental stocks and flows that clearly demonstrates the links between the environment and the economy and illustrates, over time, whether or not natural capital is being used sustainably. The UN Statistical Commission's System of Environmental-Economic Accounting (SEEA) 2012 provides an internationally agreed method for accounting for material natural resources like minerals, timber and fisheries. SEEA is also considered to be an important tool for monitoring the SDGs. SEEA acts as a vehicle for harmonizing methodological inconsistencies across environmental data production processes and enables coherent comparison of environmental statistics with economic statistics. It can also create efficiencies in the data production process. Several organizations are supporting SEEA implementation, including UNEP, UNDP and the World Bank, as well as Germany.

Viet Nam has developed a draft Natural Capital Accounting Roadmap up to 2020, which focuses on six priority sectors (forestry, land, water, waste, fisheries and minerals/energy). The Road Map seeks to prepare Viet Nam for NCA by setting out the necessary steps to fulfil the objective of an integrated national accounting framework, in support of a green economy and sustainable development. The Natural Capital Accounting Roadmap is able to build on the successful development of a draft forest satellite account by the General Statistics Office (GSO) in collaboration with the Vietnamese Academy of Forest Sciences (VAFS) and the Institute of Strategy and Policy on Natural Resources and the Environment (ISPONRE), with support from the World Bank. The study built expertise in NCA and promoted the creation of a cross-sectoral commitment and an institutional structure to further develop national accounts. In **Kyrgyzstan**, an interdepartmental working group has been established by the State Agency for Environmental Protection and Forestry to integrate ecosystem services valuation into development policy and to oversee the implementation of ecosystem accounting. In **Tajikistan**, MEDT and the Agency for Statistics have expressed interest in SEEA and are identifying areas of need and assessing the capacity of their system to implement SEEA. Currently, discussions are underway on launching SEEA through a sector-level account, which would probably be for the water or forestry sectors, given the ongoing reform process in both.

In **Ethiopia** the federal Policy on Natural Resources and the Environment underlines the importance of environmental valuation and accounting and stipulates that capacity be built across relevant institutions to routinely prepare satellite environmental accounts. The mandate for the adoption of the UN System of Environmental-Economic Accounting (SEEA) lies with the Ministry of Finance and Economic Development (MOFED), but the National Accounts Directorate of MOFED does not have any immediate intention of performing the task, mainly due to limitations in human resource capacity. The economic value of Ethiopia's forests has not been fully assessed, but there is an ongoing valuation exercise, financed as a component of the REDD+ project, recently launched by the Ministry of Environment and Forestry (MEF) in collaboration with MOFED and UNEP.

Valuation of ecosystem services

Valuation of ecosystem services informs development decisions by illuminating the economic (and social) trade-offs associated with development options. Such information can also be integrated into national accounts, and decision tools such as Cost Benefit Analysis and Cost Effectiveness Analysis. In most developing countries there are limited studies that can be drawn on to illustrate the magnitude of the value of ecosystem services and hence what countries, regions and communities stand to lose through their degradation. This is particularly true of regulating services, which tend to be site specific and less amenable to value-transfer approaches. The valuation of regulation services also requires understanding the biophysical processes, which is typically a time-consuming and data-intensive task.

Box 6 summarizes assessment approaches applied in Viet Nam.

Box 6

Assessment approaches and tools in Viet Nam

For all development plans and policies and legal documents (laws, resolutions, ordinances and decrees), it is legally required[10] that an impact assessment be undertaken at the pre-assessment stage (before drafting), during the drafting stage and after three years of implementation. The impact assessment should capture economic, social and environmental aspects. Various tools and methodologies are applied at the various stages:

- Pre-assessment: The lead drafting agency is responsible for carrying out a simple assessment with the objective of providing the rationale for the policy change. The assessment tools adopted at this stage are largely qualitative.

  Plan and policy drafting: A **regulatory impact assessment (RIA)** is carried out. Integrated decision-making tools such as Computable General Equilibrium (CGE) models and integrated diagnostics such as Strategic Environment Assessment, Social Impact Analysis, Cost-Benefit Analysis (CBA), Cost-Effectiveness Analysis and Economic Impact Assessments have been applied. Among them, CBA is the most widely used.

- Examples of the use of CGE tools include: (i) In 2011 a CGE model was applied to quantify the social, economic and environmental trade-offs of the environmental tax policy; (i) in 2012 a dynamic CGE model was used to assess the economic and social impacts of different low-carbon options. The assessment was aimed at supporting the development of Viet Nam's Green Growth Strategy action plan; (iii) a CGE model was used to support the Ministry of Natural Resources and Environment (MONRE) in identifying GHG reduction targets; and (iv) to support the Ministry of Agriculture and Rural Development in assessing the policies on rural infrastructure investment and agricultural R&D spending, a CGE model was used to measure the economic and social impacts.

- Post-implementation assessments: After three years of implementation, policies must be assessed and changes must be proposed if needed. Assessment at this stage is typically qualitative based on output indicators.

10. Ministry of Economy, Ministry of Finance, Ministry of Social Development, Ministry of Health, Ministry of Agriculture, Ministry of Emergency Situations, Ministry of Energy, State Agency on Reconstruction and Regional Development, National Statistics Committee, State Agency on Geology, State Agency for Environment Protection.

The main features of policy assessments in Viet Nam are:

- The majority of the assessments have been carried out by Government organizations in charge of implementing the policies and have applied simple qualitative methods.
- More sophisticated methods (e.g., CGE models) have been applied on an *ad hoc* basis by research institutes or groups of experts with international financial and technical support. This method of application has not resulted in the development of sufficient domestic capability and enabling conditions to routinely implement the tools (e.g., data to run models).
- Application of the tools and methodologies is restricted by the limited time frame for undertaking policy assessments, and by insufficient financial resources and data.

4.2.3 Modelling tools

Models representing economic, environment and social systems can be used to: establish the relationship between a sustainable development target and policies required to meet that target; project the impacts of policy measures; analyse the effects of existing policies that may undermine the achievement of a policy; and, importantly, identify synergies and cross-sector impacts of policy options (UNEP, 2014). Models may be categorized as: (i) **data frameworks**, which are 'static'. Examples include indicators, Input-Output (I-O) Analysis, the Social Accounting Matrix (SAM), and Geographic Information Systems (GIS). They can be used to investigate and understand the history and current state of systems, embedded in simulation models, and generate simulations of future trends for all the indicators included in the framework selected; and (ii) **'dynamic' models**, which allow the generation of projections into the future, for example through econometrics, optimization and System Dynamics (SD) (UNEP, 2014). Examples of how both types of models are being applied across the scoping study countries and elsewhere are provided below.

Data frameworks

Social Accounting Matrix (SAM), which represents flows of all economic transactions that take place within an economy, is commonly used in **Kenya** and provides important insights into socioeconomic relationships and intersectoral linkages. UNDP used the tool in Kenya to model the impact of regional integration on human development and the Kenya Institute for Public Policy Research and Analysis (KIPPRA) is currently using SAM to analyse sectoral contributions to employment and equity.

Based on a 2012 report by UNEP, The Role of Forest for the Kenyan Economy Report for UNEP Nairobi 30 May 2012, **Input-Output Analysis** tables could serve as an important tool for senior decision makers in Kenya to assess the economic and environmental impacts of future challenges such as population growth and the depletion of natural resources. However, the last original input-output table for the country was in 1973. This is attributed to the vast amount of information on businesses, households, government and foreign trade that is required to compile an input-output table.

System Dynamics

Innovative systems modelling tools are currently being used by developed and developing country governments to support their national planning process. These tools are often used in a participatory manner, thereby helping to foster a shared understanding of complex issues and identify connections and hidden solutions (UNDESA, 2015).

Integrated (systems) assessment modelling tools can be used to address the limitations of silo-based approaches by mapping interdependencies and interconnectedness. Due to improved data availability and statistical capacities, environment modelling is now better able to incorporate the multidimensionality of sustainable development (its environmental, economic and social aspects), although its application remains challenging for a number of countries. Examples of systems modelling tools include:

- The **Sustainability Grid** is a MS Excel-based tool that can be used to conceive, plan and report on sustainable development goals. Its systems-based approach helps users see the interlinkages among goals, and hence the co-benefits of development policies and objectives. Over the past 25 years, more than 15 countries have applied the tool. It can be applied to policies, plans and programmes and has been tested in a variety of situations. Application starts by weighting the main objectives, which requires participation and inputs from stakeholders and decision makers (UNDESA, 2015).

- The **CLEW** (Climate, Land Use, Energy and Water) model is often used for water and energy security issues (e.g., in Mauritius).

- The **Threshold 21** (T21) is a dynamic macroeconomic model designed to support comprehensive and integrated long-term national development planning processes. Integrating economic, social and environmental aspects of development in a single framework provides insight into the potential impact of green investments and policy interventions across a wide range of sectors. T21 and its companion model iSDG, has been used to simulate fundamental trends in SDGs through the year 2030 (e.g., in Jamaica, Senegal and Mongolia). The Threshold 21 model, incorporating sustainable development variables, is being applied to sustainable development issues in **Peru** by the Universidad del Pacífico. In **Kenya**, UNDP worked with the then Ministry of Planning to mainstream and institutionalize T21, and it was applied in the Green Economy Assessment Report for Kenya (UNEP, 2014a). However, the tool has not been widely applied and, apart from senior planning officials from the State Department of Planning, awareness of T21 and the capacity to apply it are very limited. In **Ethiopia** there is interest in using this model by the National Planning Commission (NPC). However, an attempt to introduce the T21 model was reportedly unsuccessful as it was poorly customized to suit the needs of Ethiopian planners.

- A **Computable General Equilibrium model** is being applied for analysis related to **Peru's** Climate Change Plan (PlanCC) and Intended National Contributions (INDC). In **Kenya**, the KIPPRA-Treasury Macro Model is used to help design the macroeconomic policy framework for the Medium-Term Expenditure Framework (MTEF) budgeting and national planning and assess different policy options. As a public policy think tank, KIPPRA has well-trained economists that are able to ensure the appropriate application of the versatile economic planning models and/or modify them to suit Kenya's circumstances.

- The **MAMS** (Maquette for MDG simulations) was developed by the World Bank to analyse the consequences of alternative MDG scenarios in different countries. The model integrates a dynamic general equilibrium model with an MDG module that links specific MDG-related interventions to MDG achievements. It was piloted in **Ethiopia**, which helped to generate annual public expenditure requirements for the subsequent development of a five-year macroeconomic and fiscal expenditure framework for the country (Lofgren and Diaz-Bonilla, 2005).

- The **System of Systems Multi-hazard Risk Assessment** (SIS MHRA) model explores approaches for critical infrastructure failure prevention to better understand investment priorities for reducing risk. It is used in the United States, Singapore and Hong Kong but is not publically available.

- **Vision-Indicators-Systems-Innovation-Strategy** (VISIS) is an open-source methodology for interdisciplinary collaboration in the context of sustainable development and has been used by country governments, non-governmental organizations (NGOs), development agencies, and corporations around the world. It can aid countries with integrating the SDGs into national development plans (UNDESA, 2015). Its integrated systems thinking

ensures that standards on the environment are not out of step with social requirements.

- The **Doughnut** tool enables an assessment of progress relating to the social foundations of development in the context of planetary boundaries. Planetary boundaries on the outside of the 'Doughnut' represent thresholds and links, social foundations are on the inside, and in between is the safe space for humanity. Analysis shows that many countries are underachieving on the social dimensions and exceeding the environmental dimensions.[11]
- **Indonesian Green Economy Model (I-GEM)**. I-GEM is a system dynamic simulation model supported under the UNDP Low Emission Capacity Building Global Programme and UNEP that aims to inform policy planning for a sustainable, equitable and economically competitive long-term transition to a low-carbon footprint and green economy approach. Used as a tool, the I-GEM has developed the following three macro indicators to plan and track the transformation to a green economy model: Green GDP, GDP of the Poor, and Decent Green Jobs. Green GDP is an alternative measure of GDP growth that accounts for the externalities caused by natural capital destruction. Decent Green Jobs—developed by ILO—measures job creation in a green economic transition. GDP of the Poor measures the proportion of income of poor households derived from ecosystem services, given their higher reliance on these services compared to richer households. The tool is being piloted in a few Indonesian provinces (BAPPENAS, 2014).

Box 7 presents an overview of models used in Bangladesh to prepare national plans.

Box 7

Models used to prepare national plans in Bangladesh

In the development of national plans, such as five-year plans, macroeconomic scenarios are generated to guide policy based on four linked models:

I. Macroeconomic framework containing different accounts delineating the economy to generate a consistent macroeconomic outlook for the plan period;

II. A Dynamic Computable General Equilibrium (DCGE) model based on an updated Input-Output Analysis table and Social Accounting Matrix (SAM). The key outcomes of the macroeconomic framework are fitted into the DCGE to derive the sectoral implications;

III. An Employment Satellite Matrix (ESM) to assess the sectoral value additions and outputs and to calculate the sectoral employment impacts under alternative scenarios; and,

IV. The Distribution and Poverty Module developed by using the available Household Income and Expenditure Survey (HIES). Household income, consumption and sectoral price information generated in the DCGE are linked with this module to assess poverty.

11. The 'Doughnut' tool was developed by Kate Raworth, Environmental Change Institute, Oxford (previously at Oxfam).

4.2.4 Common challenges

This subsection draws together the common challenges facing countries in the application of integrated assessment tools, the application of which would inform a deeper understanding of the linkages between sectors and the potential trade-offs across policy objectives.

In some countries such as **Ethiopia** there is limited application of policy analysis models and integrated planning tools. The macroeconomic and fiscal framework, as well as the medium-term planning targets, are essentially fixed through judgements guided by initial scenarios that are based on spread sheets, analysis of general trends, examination of the implications of policy shifts, the adoption of new strategies and programmes; and inputs from specific regression results and consultations.

Common challenges to the application of assessment tools for integrated planning include:

- **Data availability and sharing**. Often data is lacking and it is necessary to rely on expert opinion and judgement, rather than on decisions informed by analytical frameworks. However, as economies become more complex with many drivers and actors, evidence-based policymaking will become increasingly critical. Data on the environment is often particularly challenging and there are many data gaps and inconsistencies. Data access and sharing is also an issue in some cases.
- **Capacity**. The need for integrated analysis and assessment is acute, yet the capacity to do it exists in only some countries. For example, macroeconomic modelling is seen as crucial to the overall functioning and running of the Government in **Kenya**, and KIPPRA was established and staffed primarily for this purpose. But if application of these tools is to yield the intended benefits, then cross-sectoral analyses and linkages are necessary. However, line ministries do not have staff versed in these analytical tools, which greatly limits their application. In **Tajikistan** the analytical capacity of government institutions is weak and widespread duplication across ministries and state committees is evident (Asadov, 2014). Many national statistical offices have only limited experience collecting the data needed to construct green economy indicators (UNEP, 2015b).
- **Institutional challenges**. The political ownership and participation of key ministries and decision makers in the design and implementation of analytical tools/assessments can be an important factor. Limited interaction between researchers and policymakers can limit evidence-based policymaking. Coordination and communication across analysts and policymakers therefore needs to be strengthened, while in general more partnerships and better coordination among government agencies and institutions (including private) are required to improve data availability, management and assessments (UNEP, 2015b).

  A lack of Internet connectivity and computing power in some countries can also be a constraint.

4.3 Design, adoption and implementation

This subsection discusses the application of integrated approaches and mechanisms at the design, adoption and implementation stages of the planning cycle, which are ideally informed by the integrated assessment approaches discussed in section 4.2. Financing and budgeting (discussed in section 4.4) is also a fundamental aspect of implementation. Section 4.3.1 draws out the mechanisms in place to design and approve integrated policies, strategies and plans, such as

cross-sectoral working groups and evidence of coherent policymaking that aligns different parts of government (sectors, national and subnational government) around shared objectives (integrated development aims), bringing promising approaches to scale and/or ensuring policy coherence across sectors to eliminate perverse incentives and polices that work at cross-purposes. Section 4.3.2 explores the mechanisms in place to promote green/integrated investments among private sector actors as well as how well they are working. Lessons from poverty and environment mainstreaming in Tajikistan are presented in **Box 8**.

Box 8

Lessons from poverty and environment mainstreaming in Tajikistan

The Poverty-Environment Initiative (PEI) in Tajikistan started in 2010 and by the end of 2013 had supported the mainstreaming of the poverty-environment (P-E) issues into: (i) the methodology for district development planning adopted by the Ministry of Economy and Development (MEDT); (ii) 27 District Development Plans (DDPs).[12] Indicators were integrated into the M&E framework of all 14 targeted District Development Plans, and each district has developed a monitoring sheet in order to collect data on progress; (iii) the Economic and Social Development Programme of the Sogd Province (oblast) of the Republic of Tajikistan up to 2015; and, (iv) the Living Standards Improvement Strategy 2013–2015 (LSIS). PEI also initiated and guided the introduction and application of environmental sustainability criteria in the policy of selected Micro Loan Foundations (MLFs) and donor-supported District Trust Funds.

Lessons learned from PE mainstreaming in Tajikistan include (Martonakova, 2015):

- **Level of P-E mainstreaming appears to be more successful at the local than the national level**. This is considered to be due to a higher level of details in local plans, better knowledge of local problems and conditions, and a stronger relation of the 'locals' to the development in the areas where they live. Local-level planning tended to be also less 'political' than national-level planning.
- **P-E issues were better mainstreamed to the sectoral strategies than to overarching national development strategies**. One of the reasons is that the analysed sector strategies (except the energy concept) were elaborated quite recently, so the understanding and recognition of the links between environmental and socioeconomic development was stronger than it was almost a decade ago (referring to the National Development Strategy elaboration in 2006). In addition, sector development planning documents are more focused, therefore recommendations for P-E mainstreaming can be more specific and higher in number.
- **Mainstreaming was best at the level of situation/problem analysis of the documents and weakest at the level of M&E frameworks and budgets**. In other words, while P-E links were relatively well described in the situation analysis of the planning documents, they were not always reflected in the implementing measures and even more rarely expressed by the well-formulated indicators and targets. Budget allocation for the sustainability measures was the weakest point of the mainstreaming process. The overall level of planning and budgeting needs to be considerably improved.

12. Fourteen in Sughd region, eight in Khatlon region and five in Rasht Valley.

- **Factors contributing to effective mainstreaming of P-E into planning documents** are: (i) well-structured, integrated and participatory planning processes; (ii) strong political support and commitment of the high-level local authorities; (iii) involvement of the strongly motivated and highly knowledgeable local environmental experts; (iv) good understanding of the planners of the mainstreaming concept; (v) P-E mainstreaming initiation at the very early stage (problem analysis) of the plan elaboration; and (vi) P-E mainstreaming being an integral part of the capacity development for planning (if applicable) and of the plan elaboration process itself.

  Key factors hindering proper and effective P-E mainstreaming include: (i) insufficient political will and commitment; (ii) insufficient cooperation and information exchange among the sectoral ministries and agencies (or departments) in the process of development planning; (ii) low quality of the planning process (unclear steps, unclear or insufficient time frame, lack of communication and coordination) and of the planning documents (inconsistency between narratives, actions plans and M&E frameworks, weak baseline, unclear structure, lack of quantitative data, non-existent or badly formulated indicators and targets, missing budget allocations); (iii) insufficient consideration of the sustainable development aspect in budgeting and financing schemes (state budget, loans, credits); (iv) non-compliance with the environmental mainstreaming–supporting legislation (in the last five years no strategic development planning document was subject to the legally required State Environmental Expertise[13]); (v) insufficient capacity, including institutional, for P-E mainstreaming; and (vi) lack of data and ineffective system of monitoring.

4.3.1 Challenges to integrated policy design and implementation

Many countries have established mechanisms to design and approve integrated policies, many of which are the same as those in place to inform integrated visioning. In **Kyrgyzstan** the **National Council for Sustainable Development** (discussed above) plays an important role in the design and approval of integrated policies. Furthermore, **inter-agency working groups** have become regular mechanisms for the development of integrated policies. For example, a total of 74 national-level and 14 regional-level cross-sectoral groups have been created around the SDGs since 2000.[14] In most cases, cross-sectoral groups are chaired by a senior person, for example, the **Coordinating Committee on Climate Change** is chaired by the Vice Prime Minister. At the national level in **Peru** several bodies and mechanisms have been established for coordinating the design and approval of development policies, strategies and plans across sectors. These include: (i) the Autoridad Nacional del Agua (National Water Authority), a public agency that promotes Integrated Water Resources Management (IWRM) planning at different levels of government and which involves public, social and private actors; (ii) CEPLAN (2014), which has established rules for multisectoral planning at the national and subnational levels, including the *Plan Especial Multisectorial (PEM)* and *Plan Especial Territorial (PET)*; and, (iii) at the national and subnational level, the **Roundtable for Poverty Reduction (MCLCP)** is active in the design, monitoring, evaluation and social accountability of priority social programmes. It is also active in the promotion of regional and local participatory planning and monitoring.

13. Statement from the Committee on Environmental Protection of the Republic of Tajikistan.
14. UN ECOSOC, National Voluntary Report from Kyrgyzstan.

However, mechanisms are often newly established and need development and/or are not functioning to their full capacity. In **Kyrgyzstan** the new **Department of Strategic Planning** is envisaged to set up a national system of planning with a clear and comprehensive cross-sectoral operation and outreach. The preparation of legal acts for the cross-sectoral integration of strategic sustainable development planning will be under the jurisdiction of this department. The law on the 'State system of strategic planning in Kyrgyzstan' is being discussed in Parliament. This law endorses the development of a system of documents on national strategic planning indicating responsibilities among the participants.

In **Peru**, the institutions at the highest level—the Presidency of the Council of Ministers (PCM), which nominally coordinates policymaking on social and economic issues, the Comisión Interministerial de Asuntos Sociales (CIAS) and Comisión Interministerial de Asuntos Económicos y Financieros (CIAEF)—have existed for several decades but have operated sporadically in recent administrations. Hence, while visions tend to link the social, environmental and economic dimensions of development in Peru, both at the national and subnational level, integrating social and economic considerations is still a challenge at all levels of policymaking, while adequately integrating environmental considerations across sectors

Photographer: Ray Within

is more recent and even less consolidated. 'Sustainable development' is generally mentioned as relevant to environmental policies, rather than to all development policies.

Bangladesh has mechanisms in place to promote integrated policymaking (such as interministerial meetings at the drafting stage and meetings of the secretaries of all ministries prior to final approval), but a number of challenges remain. The main problems are: (i) limited expertise within ministries to draft policies that adequately mainstream pro-poor, gender-sensitive, environment-sensitive, and climate change issues and a lack of understanding of intersectoral linkages and the closed-loop structure of the economy; and (ii) lack of reliable information/statistics at the ministry level. Since ministries do not collect or store data, they are dependent on other sources like the Bangladesh Bureau of Statistics (BBS). However, many stakeholders perceive the data provided by BBS as 'too old'. With a few exceptions, such as monthly price data, BBS provides annual data. Some data are provided once in a couple of years. For research or planning, quarterly data are required. Further, the data lack clarity and are difficult to understand, and access to concepts, definitions, classifications, bases of data recording, data sources, compilation methods, and explanatory notes are yet to be provided.

In some countries cross-sectoral working groups are yet to emerge. For example, in **Kenya**, strictly speaking, and other than for important national policy decisions, no policies are currently made by cross-sectoral working groups. But sectoral working groups, such as the **green growth working group**, will make contributions to policy documents being developed by a range of ministries. Cross-sectoral working groups are more about coordination and the joint implementation of projects rather than the formulation of integrated policies. This is partly because of challenges facing integration and also because of the way the budget is structured and allocated to various accountability units. Effective cross-sectoral coordination is often hampered by competition for resources among or between sectors. In **Viet Nam** there are no clear examples of adopted development strategies, plans or policies addressing poverty and sustainable development simultaneously. In fact, these two aspects are often addressed separately as strategic objectives and targets in the Socio-Economic Development Plan (SEDP)—the core integrated development plan of Viet Nam.

Promoting integrated planning at the various government and sectoral levels is particularly challenging. In **Viet Nam**, sector ministries and local governments can establish ministerial or local **Sustainable Development Steering Committees** to lead the development of action plans. The Committees also play a role in integrating sustainability issues into policy formulation, planning, and monitoring and evaluation.[15] However, local capacity to implement or integrate issues of sustainability into the planning process is limited, and detailed and clear guidance is lacking. The main planning institutions—i.e., the Ministry of Planning and Investment (MPI) and the Ministry of Finance (MOF) at the national level, and their provincial-level counterparts—do not clearly elaborate poverty, environmental and sustainable development linkages. For example, MPI's instructions do not address the link between poverty and the environment, and require ministries and local agencies to assess these two aspects separately through the SEDP M&E indicator system. Whether poverty and the environment are assessed and integrated into plans and policies depends on the awareness of the ministries and local provinces about this link. In practice, ministries and provinces base their plan on the outline framework, as set out by MPI and MOF, rather than attempt additional analytical innovations. See **Box 9** for examples from **Peru**.

15. See Circular No. 02/2013/TT-BKHDT, 27 March 2013, issued by the Ministry of Planning and Investment on 'guidance of implementing the sustainable development strategy'.

Box 9

Promoting integrated planning across national, regional and local scales

In **Peru**, state planning often (but not always) integrates social, economic and environmental considerations at all levels of government. However, this is not generally translated into policy design and implementation. Central, regional and local governments must coordinate the implementation of national sectoral policies, and sectoral policy decided by regional and local governments must respect certain guidelines set out by national policymakers. **Intergovernmental Commissions** (Comisiones Intergubernamentales) were established by law in 2009 to strengthen the decentralized management and provision of public services across the three levels of government. Commissions have been established in sectors like education, health, employment and the environment, and some have operated regularly in recent years. NGOs and the private sector can have important roles in implementation.

At the regional level, governments should have a general manager under the regional president (governor), who coordinates management units in charge of social development, economic development, natural resource and environmental management, planning, budgeting, and land use and infrastructure. This structure presents opportunities for cross-sectoral, integrated policymaking at the regional level. However, lack of capacity, resources and experience are important challenges.

At the local level (provinces and districts), Peruvian municipalities can and often do create social, economic and environmental development offices (*gerencias locales de desarrollo*), charged with implementing local sustainable development. These local agencies could potentially coordinate and link the actions of different sectors and regional actors that are active within their jurisdictions. Therefore, the diverse work of local authorities, which are increasingly experienced in considering economic, social and environmental factors in an integrated manner when serving local populations, can be seen as an opportunity to integrate different dimensions of development at the level nearest to communities.

Broad stakeholder involvement is limited. For example, in **Viet Nam**, government agencies as well as civil society and the private sector are typically passively engaged. There are some pilot examples at the community level where a broad range of stakeholders have been involved directly, supported by NGOs or donors.

Integrated development policies and strategies can be realized through the implementation of targeted actions, projects and programmes. Implementation may be supported by a range of mechanisms (e.g., cross-sectoral steering groups, interdisciplinary teams, stakeholder working groups) to ensure that the principles of integration are put into practice. Nonetheless, implementation is typically complex and challenging. For example, the implementation of local development plans in **Tajikistan** face a number of challenges, including: (i) insufficient budget to meet the priorities of local development programmes; (ii) limited public-private partnerships; (iii) frequent loss of key staff due to low motivation and a lack of incentives; (iv) unclear division of responsibility among working groups and local bodies; (v) ineffective mechanisms for ensuring coordination and cooperation across the public sector, civil society and the private sector; (vi) poor quality of statistical information; and (vii) a low level of intersectoral cooperation and interaction (Dehqonov, Rahmonov & Hakimov, 2014).

An analysis by the MDG acceleration programme identified implementation bottlenecks spanning social, economic, environmental and cultural factors. Addressing these bottlenecks requires working across sectors and engaging not only key development partners but also non-government and non-traditional partners (such as the private sector). For example, part of trying to tackle maternal mortality in Ghana required working with and incentivizing a private transport company that would link women to clinics. In Niger, tackling hunger required the agriculture, water, environment and climate, and social protection line ministries to coordinate and sequence delivery on the ground. There are many examples related to the MDG education theme that have brought health, water, sanitation, energy and environment line departments together in providing energy, girls toilets and water services.

UNDP (2015) identifies the key design components generic to successful IGE initiatives as: (i) Initiatives need to be adapted to a country's circumstances (institutional and cultural) in order to maximize their effectiveness and ensure buy-in; (ii) All stakeholders need to be involved in the design of initiatives at the outset; (iii) Synergies and trade-offs need to be understood; (iv) Gender considerations need to be built into the design of projects; (v) Initiatives need to target markets and activities where the poor operate in both rural and urban areas, given that different groups need different types of interventions; (vi) There needs to be a clear link to policy. This will be more challenging when a country does not have a green growth strategy and where there is limited mainstreaming of sustainability issues and poverty reduction across sector policies and plans; and (vii) Monitoring and evaluation frameworks should be part of project design.

Generally applicable implementation guidelines are: (i) All key stakeholders should be involved in the implementation of initiatives, including government (national and local), the private sector, households and consumers. This facilitates the development of partnerships across multiple levels and a common understanding of an initiative's objectives; (ii) Strengthening capacities across a range of areas is important; (iii) Initiatives need to be backed by secure and sustainable funding, and (iv) Piloting enables initiatives to be tested and refined before being rolled out to similar sites or at a national scale (UNDP, 2015).

Box 10 provides examples of successfully implemented projects designed to promote an IGE and highlights some of the challenges.

Box 10

Examples of the successful implementation of integrated initiatives

The **Rural Energy Development Programme in Nepal** demonstrates the benefits of adopting an integrated approach to rural development. By building micro hydropower systems and providing improved cooking stoves, the programme has provided reliable, low-cost electricity to large numbers of isolated, rural communities. In so doing, it also created new rural income- and employment-generation opportunities, improved health and environmental conditions, and strengthened local governance. Nepal's success in scaling up activities initiated under the Rural Energy Development Programme benefited from: national ownership and commitment; catalytic financing; community mobilization and local partnerships; and capacity development at all levels (UNDP, 2012b).

The application of farmer-managed natural regeneration in **southern Niger under the 'Sowing Seeds of Change' programme in the Sahel** has

reforested 5 million hectares (about 4 percent of the country's land area). These programmes are estimated to have increased cereal yields by 100 kilograms per hectare in 2009. The resulting improvements in food security—as well as in animal productivity, biodiversity, and expanded income generation through sales of firewood and timber—improved the livelihoods of some 2.5 million people. Examples like Niger's show that, to be truly sustainable, economic development initiatives must be accompanied by sustainable resource management and community mobilization for social development (UNDP, 2012b).

A number of developing countries have **Public Employment Programmes (PEP)** in place as anti-poverty strategies, some of which are specifically focused on natural resource management. The attraction and challenge of PEP lies in their potential to achieve inclusive green economy objectives; this requires good design, strong leadership, professional implementation and ongoing monitoring to adjust the scheme to ensure that the right balance is found and maintained. Examples include the Working for Programmes in South Africa and the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) (UNDP, 2015).

Many ecotourism initiatives contribute to sustainability and poverty reduction objectives. However, making sure that the benefits of ecotourism initiatives reach all sections of the community, and in particular the poor and vulnerable, requires understanding and managing a number of trade-offs such as: (i) lost livelihoods and income from restrictions placed on land use and natural resource extraction; (ii) increased land prices resulting from an increased demand for land; (iii) loss of cultural heritage or the commodification of culture; and (vi) inequality due to a failure to fairly distribute benefits. Deliberate and complementary poverty reduction policies integrated into ecotourism design and implementation are considered necessary for ecotourism to directly result in poverty reduction (UNDP, 2015).

4.3.1 Private sector and an inclusive green economy

The private sector is critical to achieving the sustainable development goals and transitioning to more inclusive, greener economies. Delivering 60 percent of global GDP and providing 70 percent of global jobs, the private sector is hugely influential (Sukhdev, 2012). This, along with the increasingly globally interconnected nature of markets, makes corporations key players in natural resource decisions. All types of businesses, including micro, small, and medium enterprises have a role to play in sustainable development through employment creation, fostering investments that promote an inclusive green economy, avoiding and minimizing unavoidable impacts on environmental assets through sustainable production practices, and contributing to the sustainable development funding gap. There is evidence that businesses that are green champions and innovators are outperforming those that do not adapt quickly enough to the challenges of a changing environment and resource scarcity.

The private sector is becoming increasingly involved in the sustainable development agenda, but much more needs to be done to ensure that it is integrated into the process and that strong working links are developed with government and other stakeholders. While corporate environmental and social responsibilities and safeguards are fundamental requirements, it is also important that governments create a business climate that incentivizes and supports sustainability innovation and leadership in micro, small, and medium enterprises (UNDESA/UNDP, 2012), and that addresses the significant negative externalities attributed to corporations. The costs to society from the 'business as usual' of the top 3,000 listed corporations, in the form of greenhouse gas (GHG) emissions, pollution, freshwater scarcity and the conversion of natural areas, has been estimated at USD 2.1 trillion (Trucost, 2010) or 3.5 percent of global GDP. These public losses in the pursuit

of private gains are increasingly being called into question (UNEP, 2015c).

To meet the large financing gap required to meet the SDGs, there is a need to mobilize private finance (e.g., investment in renewable energies, affordable housing, proper water treatment), and also to change the way in which financial institutions operate through the introduction of financial regulations that support sustainability. Financial institutions can, through their lending, investment and underwriting policies, influence the behaviour of businesses and mobilize private investment at scale (UNEP, 2014).

Sustainable finance frameworks that integrate sustainability considerations into financial thinking are emerging internationally, demonstrating joint leadership between policymakers and regulators. Examples include the Green Protocols in Colombia and Brazil, Nigeria's Sustainable Banking Principles, Kenya's Sustainable Finance Initiative, China's Green Credit Policy, Indonesia's Green Banking Policy, and Japan's Principles for Financial Action towards a Sustainable Society (UNEP, 2014). Also noteworthy is the emergence of environmental, social and corporate governance (ESG) in developing countries (UNEP Inquiry 2015), and the Sustainable Stock Exchange (SSE) Initiative, whose members include the Lima Stock Exchange, Nairobi Securities Exchange, Rwanda Stock Exchange, and the Hanoi and HoChiMinh Stock Exchanges.[16]

Key findings on mechanisms to promote integrated private sector investments, with examples from the scoping study countries, are discussed below.

In many cases the regulatory environment does not present the right incentives for sustainable business practices, and/or is still in the process of becoming fully established and effective. **Kyrgyzstan** has more than 15,000 laws and regulations in place regulating business activity, many of which are contradictory or historic in nature.[17] Furthermore, there is a trend towards simplifying the requirements for businesses with no consideration of environmental safety issues, and penalties facing businesses are typically much lower than the costs of environmental damage. The National Strategy for Sustainable Development (NSSD) prescribes the creation of new regulatory approaches, including those oriented at environmental safety, the rational use of resources and clear licensing procedures. In **Ethiopia** economic policy through the transition period (1991–1994) prioritized support for the private sector, with the creation of a comprehensive package of incentives for both domestic and foreign capital. Subsequent efforts have focused on capacity-building, the extension of loans from the state-owned Development Bank of Ethiopia, and the establishment of several technical institutes to support technology selection and provide advice. The corporate social responsibility concept, however, is weak.

Collaboration with the private sector presents opportunities for accelerating a transition to an inclusive green economy, and efforts are being made to integrate the private sector. For example, in **Kenya** there has been an upscaling of Government–private sector interactions and the push to attract private sector investment to implement flagship projects of Vision 2030. Forums such as the President–Private Sector Round Table and Council of Governors–Private Sector Round Table have uncapped potential and removed unnecessary transactional barriers. In **Kyrgyzstan** the PEI supports collaboration between government agencies and the business sector on poverty-environment mainstreaming. As a result, the PEI Programme Board, chaired by the Ministry of Economy, was widened to include representatives of the business sector.

16. The SSE is co-organized by the United Nations Conference on Trade and Development, the United Nations Global Compact office, the United Nations–supported Principles for Responsible Investment and the United Nations Environment Programme Finance Initiative. The SSE is aimed at exploring how exchanges can work with investors, regulators and companies to enhance corporate transparency and performance on ESG.
17. OSCE, 'OSCE launches regulatory reform project to enhance business climate in Kyrgyzstan', 21 November 2014, www.osce.org/bishkek/127020.

Women harvesting edible morning-glory from a Hanoi lake.
Photographer: Tran Thi Hoa, 2002

Box 11

Green banking in Bangladesh

In **Bangladesh**, the Bangladesh Bank developed green banking regulations in 2011 and all scheduled banks have developed their own Green Banking Policy and green banking units. The Bangladesh Bank's reform initiative (2012) sets out a range of support measures to enable green growth. The bank has developed a green banking cell, and introduced a refinance scheme worth BDT 2 billion (USD 25 million) to refinance loans for effluent treatment plants, solar panels, biogas plants and Hybrid Hoffman Kiln (HHK) technology in the brick-making industry at a 5 percent interest rate. Lending by banks and other financial institutions for green investments is provided at a 9 percent rate (compared to an average 13 percent market rate). It also integrates an assessment of green management when awarding ratings under the CAMELS system.[18]

18. Ciudad Saludable, 'Mesa Nacional de Reciclaje', www.ciudadsaludable.org/gabinete-de-comunicacion/eventos/item/97-mesa-nacional-de-reciclaje.html.

Some companies have well-developed Corporate Social Responsibility (CSR) programmes, and there is an increasing awareness of the importance of CSR among companies. Furthermore, environmental and social considerations are increasingly influencing business models. This is complemented by growing public expectations that firms should protect the environment and support social development. The growing private sector interest in sustainable development needs to be nurtured. Examples of private sector initiatives in support of sustainable development from the scoping study countries include: (i) Kenya Airways is investing in tree planting to offset carbon emissions from their flights; (ii) **Equity Bank-MasterCard** in Kenya is providing full scholarships for secondary education for children from poor families; (iii) **Safaricom Foundation** Kenya is supporting forest and wildlife programmes, water provision through the drilling of boreholes in dry areas, and health through the provision of ambulances in remote locations and the construction of health clinics and dispensaries; (iv) the **Kenya Tea Board** focuses on the environmental impacts of tea and sustainability; and (v) the **National Recycling Roundtable** in **Peru**[19] is a platform created by the Healthy City programme and the Exporters Association to improve the productivity, competitiveness and socioeconomic conditions of the recycling sector in Peru.

Box 12

Promoting technology to accelerate the transition to an inclusive green economy

There is a need to incentivize and invest in an innovation-based inclusive green economy that will produce with less, reuse, recycle and restore, and set the stage for the evolution towards a truly 'circular economy' (UNEP, 2015). Each component of the SDGs has a technology component and it is therefore important to put the right technology in the service of the poor. That is, to promote 'social technology' that addresses key livelihood issues such as water and agricultural needs, rather than sophisticated inventions (UNDESA, 2015). For example, in **Kyrgyzstan** investment in green technologies for development of the agricultural sector is especially important (e.g., to mitigate land degradation, increase land productivity and promote seed conservation and production).

Access to clean technologies is a common issue and includes both North-South exchanges as well as South-South exchanges, with a key role for the private sector and civil society. This will require international action on intellectual property rights (UNDESA/UNDP, 2012). In **Peru**[20] a group of actors under the leadership of Grupo GEA, supported by the Swiss Economic Cooperation and Development Division (SECO) and with the participation of Banco de Crédito del Perú, Scotiabank and Interbank, has developed an environmental credit line that aims to stimulate the migration of industries to clean technologies, including those low in carbon emissions. The financial instrument offers the cancellation of 25 percent of the loan. It will be implemented between 2016 and 2017. The Grupo GEA[21] in Peru also supports the eco-innovation project (2015–2017), involving the Ministries of Environment, Production, and Foreign Trade and Tourism, as well some private universities. The project's goal is to promote policy proposals on eco-innovation, and showcase good practices in the metallurgical and chemical industries.

19. Ciudad Saludable, 'Mesa Nacional de Reciclaje', www.ciudadsaludable.org/gabinete-de-comunicacion/eventos/item/97-mesa-nacional-de-reciclaje.html.
20. Grupo GEA, 'Environmental financing for Peruvian companies and industries', www.grupogea.org.pe/financiamiento_ambiental_para_empresas_e_industrias_peruanas.html.
21. Grupo GEA, 'Eco-Innovation and Low-Carbon Industry', 5 December 2014, web.grupogea.org.pe/eco_innovacion_e_industrias_bajas_en_carbono.html.

4.4 Financing and budgeting

A transition to an inclusive green economy requires resource mobilization, therefore budgeting and financing are critical components of the planning cycle linked to both policy design and implementation. This subsection reviews the investment requirements of the SDGs and the challenges facing countries to raise the necessary finances to support sustainable development and inclusive green economy programmes, plans and projects (4.4.1). The role of Environmental Fiscal Reform (EFR) in raising funds for sustainable development and simultaneously moving countries towards their SDG targets is discussed in 4.4.2. Subsection 4.4.3 reviews the uptake and experiences with Public Environmental Expenditure Reviews (PEERs) and national expenditure frameworks, and other approaches that countries might adopt to tighten the connection between policies and approved budgets.

In general, countries face a number of challenges in financing and budgeting for the SDGs, including a lack of capacity within ministries and departments to develop programme-based budgeting and undertake PEERs, a lack of data for building an investment case, widespread corruption, business lobbies that are against the removal of perverse subsidies, aid dependency and a volatile tax base.

4.4.1 Investment requirements for the SDGs

Implementation of the SDGs and an inclusive green economy will require a global partnership capable of mobilizing adequate resources from both public and private sources. Investment estimated at USD 5 trillion to USD 7 trillion a year is needed to realize the SDGs, including infrastructure, clean energy, water and sanitation, and agriculture (UNEP, 2015d). Public finance and aid are expected to continue to play a key role in financing the SDGs; however, a significant increase in private sector investment in a green economy will be necessary. Tax reform, innovative finance and a crackdown on illicit financial flows and corruption are important mechanisms for increasing budgets for sustainable development. An overview of the challenges facing the scoping study countries is provided below.

In general, ensuring sufficient financing for sustainable development is a major challenge, exacerbated by budget deficits. In **Kyrgyzstan** the plan of the Government's Programme for Transition to Sustainable Development 2014–2017 (PTSD) indicates financing needs of USD 7,616 billion or 47 percent of the total budget.[22] Financing challenges for sustainable development in **Viet Nam** include anticipated difficulties in increasing tax revenue in real terms in the future and increasing public debt (which is expected to reach 65 per cent in 2016—the limit approved by the National Assembly). Non-public/government finance is expected to become increasingly important, particularly private sector investments. In **Kenya** dependence on donor resources has fallen to about 6 to 7 percent of the annual budget but is still needed to support budget deficits and international obligations. Raising additional resources to invest in green growth will be challenging and calls for stronger measures to control any loopholes for resource pilferage and expansion of the fiscal space (e.g., an expanded tax base and leveraging of mineral and oil resources).

22. Based on the presentation of Ten Luybov (2015), Advisor to the Ministry of Economy.

In some countries an underinvestment in sustainable development is evident. For example, in **Kyrgyzstan** the Public Investment Programme (PIP) is the key mechanism for setting public investment priorities, determining resource needs and attracting and guiding foreign financing. There are concerns over the allocation of resources to sustainable development. For example, with the recent expansion in public investment in the energy and infrastructure sectors, the share of the PIP devoted to the education sector fell from 14.6 percent in 2008 to 2.1 percent in 2012, while the budget investment in rural development fell from 14 percent in 2007 to 0.3 percent in 2012 (Mamadaliev, 2014). In **Viet Nam**, as a result of the Law on Environmental Protection (2006) and Government Resolution No 35 (2013), at least 1 percent of the state budget expenditure must be allocated to environmental protection. Actual public expenditure allocated to the environment is considered to be higher than 1 percent, and includes both current expenditures and public investment (Vu, 2013). However, the level of expenditure is still considered to be too low to meet sustainable development goals.

4.4.2 Fiscal policy and the green economy

Environmental Fiscal Reform can be a powerful instrument for encouraging a shift to a more inclusive, greener economy. The role of governments, in addition to providing a regulatory framework and transparent policies, is to provide incentives for the private sector, consumers and investors to value environmental sustainability and natural assets, and to address externalities. In all countries there is scope for Environmental Fiscal Reform in support of sustainable development. For example, fiscal systems can be adjusted to remove harmful subsidies on fossil fuel, water and fisheries, which discourage the efficient use of resources and conservation. Similarly, taxes can be shifted away from labour and towards the use of natural resources and generators of pollution/emissions. For example, ecological tax reform in Germany (1999–2003) raised taxes on energy and resulted in a 2.4 percent reduction in carbon dioxide emissions and the creation of 250,000 jobs by 2003 (Görlach & Knigge, 2005).

There are examples from developing countries where perverse incentives have been removed as part of IGE approaches. For example, **Ethiopia's** removal of the fossil fuel subsidy is an important recent step consistent with its green economy strategy. The fossil fuel subsidy programme was originally put in place to absorb the impacts of international oil price shocks. However, it caused budget deficits and its benefits were largely captured by higher income groups. In 2011, **Rwanda** changed its fuel pricing formula, which essentially eliminated fuel subsidies, and in 2012, it introduced a Renewable Energy Feed-in Tariff (REFIT) for small- and medium-sized power producers, which guarantees purchase of their supply by the Rwanda Energy Group (REG), Rwanda's national power supplier, as well as access to the national grid. In other countries, perverse incentives such as energy subsidies are still in place but reform is under consideration. For example, **Viet Nam** has spent a significant amount on fossil fuels subsidies, ranging between USD 1.2 billion and USD 4.49 billion annually from 2007 to 2012. Fossil fuel subsidies are mainly indirect, provided to energy producers who are mainly state-owned enterprises (SOE). Viet Nam's energy agenda is now focused on creating a transparent environment with full cost pricing, SOE reform and green energy generation.

A number of green taxes and incentives are in place and others are planned, demonstrating a growing use of and experience in market-based mechanisms across the scoping study countries (**Box 13**). However, **in many cases charges are too low to serve as an incentive for behavioural**

change and analysis is needed to set appropriate rates. This is the case in **Kyrgyzstan**, where collection processes are also problematic (United Nations Economic Commission for Europe Committee on Environmental Policy, 2009) and in **Viet Nam**.

Fiscal reforms can mobilize additional resources for inclusive green economy investments. In **Peru**, environmental income comes from tax revenues from extractive activities, especially mining, which is redistributed to local and regional governments through the canon, *sobrecanon*, mining royalties and the Fund for Socioeconomic Development of Camisea (FOCAM). This income provides an opportunity for local and regional governments to expand investments in infrastructure and in science and technology in universities, as specified by the canon's distribution rules. The wealth obtained from the extraction of natural resources has been an important factor in reducing poverty in Peru, but its uneven distribution generated more opportunities for some regions, such as Ancash, Cajamarca and Cusco, which between 2003–2007 received 2,264, 1,686 and 1.502 million soles, respectively, compared to others, such as San Martin, Amazonas and Lambayeque, which together received only 1.2 million soles (Herrera, 2009).

According to the Green Economy Assessment Report (UNEP, 2014a), **Kenya** needs around USD 1.4 billion per year to finance its green investments, representing 9 percent of public expenditure. Mobilizing these resources is a challenge, with tax revenues at 18 percent in 2013, and 18.9 percent in 2014, below the sub-Saharan average of 22 percent. In addition, environmental protection, water and natural resources account only for 5 percent of the budget allocation. Fiscal reforms have been recommended in order to mobilize additional resources for green economy investments.

Box 13

Examples of market-based instruments supporting IGE

Although using fiscal policy to promote inclusive green growth is a new concept in **Kyrgyzstan**, such an approach is explicitly promoted in the National Strategy for Sustainable Development (NSSD). Environmental taxes already in place in Kyrgyzstan include: (i) a royalty for the development of subsoil and one-off payments for geological surveys and mineral exploration; (ii) pollution charges (on air emissions from both fixed and mobile sources, water discharges and waste disposal), which have been used to finance environmental spending; and (iii) a fee on foreign vehicles entering Kyrgyzstan as air pollution compensation. It is further envisaged to exempt imported electrically driven and hybrid-engine vehicles from custom fees and to raise customs fees for imported goods threatening the environment (NSSD).

Green fiscal measures currently deployed in **Kenya** include: (i) a special levy on fuels to finance road infrastructure development through the Road Maintenance Fund; (ii) VAT and excise duties on motor vehicles; (iii) user charges and fees for solid waste management and disposal; (vi) license fees in forestry and fisheries; (v) various tariffs in the water and electricity sectors; and (vi) the promotion of clean energy through feed-in-tariffs (FiTs), subsidized electricity connection rates to improve access, VAT exemptions and public investments.

In **Ethiopia** the Ministry of Transport has initiated a plan for transport pollution control, which includes the intention to limit the number of inefficient and old cars on the road, increase the tariff on imported used cars, and to gradually introduce hybrid and electric cars. The draft legislation stipulates that high tariff rates for imported used cars are apparently inconsistent with the current rule of the Revenue and Custom Authority, which does the opposite. It has required alignment of both regulations.

4.4.3 Linking development planning and budget processes

This subsection discusses the mechanisms that can be used to ensure that integrated policies and plans are reflected in budget allocations and prioritized in public expenditures. It considers Public Environmental Expenditure Reviews (PEERs) and longer-term financial planning approaches such as programme- and results-based budgeting.

A strong link between development plans and the budget process is critical. However, in general these two elements are either separate or poorly connected. The upshot of this is that integrated approaches, addressing environmental, social and economic priorities, are not adequately accounted for in budget provisions, hampering or even preventing implementation. For example, in **Viet Nam** the link between development planning and budgeting is strongest in the case of the five-year Socio-Economic Development Plan (SEDP) (from 2015), the annual SEDP and the National Targeted Programmes (NTPs);[23] in other cases, policy development and planning is very much separated from budget planning. Sectoral strategies, master plans, action plans or policy documents do not detail their funding needs and in some cases no money is allocated from the state budget. Apart from NTPs and Funds related to poverty and the environment, there is no separate budget line for poverty reduction. In **Peru** a multidimensional approach is not generally carried through to multi-year programming and budgeting and the formulation and implementation of sectoral policies. In **Tajikistan** the week link between the national planning process and national budgets is cited as key problem.

As in other areas of integrated planning, a number of initiatives are in the early stages of development and will require considerable support and attention to become fully mainstreamed. Mechanisms being adopted and developed to better understand financing requirements for sustainable development and to strengthen the link between plans and budget allocations are discussed below.

Public Environmental/Climate Change Expenditure Reviews

PEERs can be used to identify budget flows, analyse the consistency between national and/or sectoral budgeting and environmental and climate change priorities/needs, and to track expenditures over time. Climate change expenditure reviews have helped to attract climate financing, establish baselines, identify financing gaps and strengthen ties between Ministries of Finance and Environment (UNDP, 2012a). In several South-East Asian countries, the ministries of finance are undertaking climate and environment public and institutional reviews, with the aim of developing a comprehensive national budgetary approach involving all stakeholders, levels of government and sectors. In **Nepal**, the Ministry of Finance has created a new budget code on climate change in order to track and coordinate climate change financing (UNDP/UNEP, 2013). Emerging areas for expenditure reviews include disaster risk reduction and non-communicable diseases.

23. In the current five-year SEDP for the 2011–2015 period there are 16 NTPs and 30 different funds/foundations supporting their implementation; seven NTPs and two financial facilities directly relate to poverty and the environment. The NTPs are: (i) sustainable poverty reduction; (ii) water supply and environmental sanitation in rural areas; (iii) energy efficiency; (iv) climate change response; (v) developing information and communication services in mountainous, remote and island areas; (vi) a New Model for rural villages and environmental protection; and (vii) pollution mitigation. The funds are the Viet Nam National Environmental Protection Fund and the National Disaster Prevention and Mitigation Fund.

Box 14

UNDP's Biodiversity Finance Initiative—BIOFIN

UNDP's Biodiversity Finance Initiative—BIOFIN, launched in 2012, is a global partnership seeking to address the biodiversity finance challenge. It aims to build a business case for increased investment in the management of ecosystems and biodiversity, with a particular focus on the needs and transformational opportunities at the national level. BIOFIN aims to develop a methodology for quantifying the biodiversity finance gap at the national level, for improving cost-effectiveness through the mainstreaming of biodiversity into national development and sectoral planning, and for developing comprehensive national resource mobilizing strategies. Peru is one of the 29 countries currently involved in developing and piloting the new methodology, which will be refined through regional and global learning.

Box 15

Public Expenditure Reviews in Kenya

The Government of Kenya has agreed with donors to undertake **Public Expenditure Reviews** (PERs) every three years, in place of the annual reviews. The PER provides an assessment of the extent to which expenditure addresses national priorities in an effort to strengthen the link between Government policies, planning and budgeting, and addresses efficiency and effectiveness. The 2013 review, entitled 'Comprehensive Public Expenditure Review—Eye on Budget: Spending for Results' (for 2009–2010 to 2011–2012), represents a comprehensive analysis of public expenditure and shows that Kenya's economy grew an average of 3.9 percent over the review period. It is clear from the PER that there is a shift towards sustainable development, for example:

- Although agriculture expenditure is still low at 4.3 percent of national expenditure, there is a strong recognition that agriculture is the backbone of the Kenyan economy and that more investment is needed to reach the Maputo Declaration threshold of 10 percent.
- There is a shift in expenditure towards integrated development–related investment. For example, a shift in energy investments from fossil fuel to clean energy sources such as geothermal and wind energy, reflect a policy orientation supportive of an inclusive green economy.
- Significant increases in budget allocations to social protection, increasing from KSh 30 billion in 2009–2010 to KSh 36 billion in 2011–2012. It is expected that this allocation will be much higher in the subsequent PER period. There is an increased commitment to shield the disabled and the urban poor from extreme poverty and shocks, and to scaling up cash transfers to Orphans and Vulnerable Children (OVCs) and the elderly.
- The devolved system of governance has created governance structures and widespread development interventions across the country, with County Governors held to account by voters. Development partners can support national government processes or take up specific niches in county governments. Investment opportunities are also spread across the board, and beginning to grow.

Many of the scoping study countries are yet to undertake PEERs, e.g., Ethiopia, Kyrgyzstan[24] and **Kenya** (**Box 15**). **Viet Nam** has undertaken some *ad hoc* studies reviewing public environmental and climate finance, which provide a partial view of public expenditure for the environment.[25] Vu (2013) points out the difficulty of undertaking a PEER in Viet Nam given that there are no requirements to report on public environmental expenditure, other than on the use of the 1 percent of the state budget allocated to environmental protection. The study recommends that the Law on Environmental Protection be revised to reflect a more comprehensive approach including an accounting framework for public environmental expenditure. In **Tajikistan**, the UNDP-UNEP PEI has recently initiated a review of public expenditures in the water sector, which aims to inform the development of a water sector policy.

Of note are **gender budgets**, which started in 1995 in South Africa. In Mexico, gender budgets are being used as a tool to mainstream gender-based issues into government policy and budgets. Gender budgets identify how much is spent on women's issues in all sectors in a year. This requires disaggregated data to incorporate gender into assessment tools. In Mexico, *Equidad de Genero* experts are working with the Ministry of Finance to develop fiscal policy highlighting women's contribution to the economy and how this income is distributed. They are also training government workers at the national, local and municipal levels on gender equality and the development of policies and budgets, thereby building public awareness on gender equality.

Long-term financial planning

Kyrgyzstan has developed a **Medium-Term Expenditure Framework (MTEF)**, which can analyse budget allocations to stated policy priorities across sectors. An ecological review of the national budget was requested by the Minister of Finance for the years 2012 and 2014 and was undertaken by a Kyrgyz non-governmental organization (BIOM Ecological Movement), with support from UNDP.

Programme-based budgeting (PBB) involves building budgets around services and activities that are working towards a single strategic purpose or programme. PBB therefore aligns spending with programme objectives and provides a clearer way of describing the purpose of the budget and a framework with which to measure budget performance. While an MTEF can function with any form of budgeting (i.e., outputs, activities and programme), better performing MTEFs will usually be associated with performance-based approaches such as PBB and results-based budgeting (discussed below). Programme-based budgeting is seen as a key instrument to integrate environment and poverty concerns into budget frameworks. Such an approach can create opportunities for governments to address cross-sectoral problems and move towards sustainable development through the consolidation of different budgets and by attracting off-budget sources. Ideally, the programme-based budgeting goals and objectives of national policies for sustainable development are turned into budgeted programmes and transformed into achievement measures in a medium-term time frame. In **Kyrgyzstan**, guide-

24. In Kyrgyzstan it is recommended to link a sector-level PEER to the piloting of a strategic planning process (Palerm, 2014) and the PEI has recommended the preparation of a PEER or Climate Public Expenditure and Institutional Review (CPEIR).
25. A Climate Public Expenditure and Investment Review (CPEIR) was undertaken by the Ministry of Planning and Investment with technical support from the World Bank and UNDP. The review examined Viet Nam's policies and climate change expenditure for the period 2010–2013 from five ministries—the Ministry of Natural Resources and the Environment (MONRE), the Ministry of Industry and Trade (MOIT), the Ministry of Agriculture and Rural Development (MARD), the Ministry of Construction (MOC), and the Ministry of Transport (MOT)—and three provinces (Bac Ninh, Quang Nam and An Giang). A Typology of Climate Change Response Expenditures was developed to classify the Government's spending on climate change (CC) response by different areas. The CPEIR proposes solutions for how to accelerate Viet Nam's CC response through the state budget and informs decision makers on readiness for scaling up the CC response while increasing coherence across sector and provincial policies.

lines on the integration of sustainable development into programme budgeting have been developed and submitted to target sectors such as the Ministry of Agriculture, Ministry of Education and Ministry of Finance and it is expected that the recommendations will be considered in forming the programme budgets for 2015–2017 in accordance with the National Strategy of Sustainable Development. The PEI has also supported the development of methodological approaches to integrate budget planning in strategic planning, which are currently being discussed with ministries and departments.

Results-based budgeting (RBB) is based on predetermined objectives and expected results, which both justify the resource requirement and facilitate monitoring. Over time it allows budget allocations to be based on evidence and clear results rather than historical allocations that may perpetuate unsustainable/harmful expenditures. Since 2007, **Peru** has been moving towards RBB, led by the Ministry of Economy and Finance (MEF) in coordination with the Roundtable for Poverty Reduction (MCLCP) and civil society actors. The Humala Administration proposed to reach 100 percent of national budget (excluding financial obligations and pensions) under RBB by 2016, although this is unlikely to be met. Currently, 65 to 70 percent of the national budget is implemented under RBB, and there are 73 budget programmes executed under RBB, according to MEF. An important product of the RBB strategy has been a set of **24 Strategic Budget Programmes (Planes Presupuestales Estratégicos—PPE)** that has been prioritized for budget allocations and protected from fluctuations in budget availability. These include social programmes related to education, health, infant mortality and nutrition, and others related to agricultural production, energy, water, and environmental quality. They present an opportunity for jointly monitoring and evaluating policy impact from an integrated perspective at the national and subnational levels. The programmes are designed by ministries and implemented by national and subnational actors, but MEF sets the methodology and requirements for designing and approving budget programmes within this special category. While social sector PPEs are quite prominent policy instruments, there are opportunities for the increased use of PPEs related to environmental issues. Two budget programmes have been prioritized that are directly related to environmental topics but are evaluated in terms of their impact on the population—Priority Environmental Management (PPE 0008) and Integrated Management of Natural Resources (PPE 0022). It is not clear, however, that current use of these programmes reflects an integrated approach to sustainable development.

4.5 Monitoring and evaluation

Monitoring and Evaluation (M&E) frameworks are important instruments for assessing progress on sustainable development. There is a growing recognition that you can't manage what you don't measure. Measuring development progress requires looking across the three pillars of sustainable development (economic, social and environmental) to ensure accountability. Measurement frameworks to inform, advocate, and assess progress towards integrated development, with links to the emerging post-2015 framework and SDGs, include the UN System of Environmental-Economic Accounting (SEEA); composite indices, such as the Multidimensional Poverty Index (MPI); green economy indicators; and a range of other indicators, statistics and quantitative and qualitative data. Drawing on the national scoping studies, this section reviews what monitoring and evaluation systems and approaches are in place, who is responsible for undertaking monitoring and evaluation work, how findings are being fed into policy development, and the challenges facing the uptake and implementation of integrated and inclusive frameworks.

Monitoring and evaluation is closely linked to data availability and data systems, and in many cases data are lacking. Data are needed to set baselines, indicators and targets and to monitor progress. While there have been significant improvements in local, national and global data collection, processing and dissemination, significant data challenges remain. For example, approximately 35 percent of countries in the UN MDG database lack sufficient data to measure trends in malnutrition and poverty, and between 5 and 15 percent lack sufficient data to measure trends in water, sanitation, mortality and gender (Andrew Spezowka, UNDP Presentation in Hanoi, May 2015). In **Viet Nam**, data to inform M&E frameworks may be collected by the Government Statistics Office (GSO), which is the state agency responsible for collecting socioeconomic development data, or sector ministries. However, GSO is unable to provide complete data sets for assessing sustainable development performance, particularly data related to the UN System of Environmental-Economic Accounting (SEEA), Multidimensional Poverty Index (MPI), and green economy indicators. The national indicator systems comprise 21 groups and 350 indicators, including some integrated indicators such as green Gross Domestic Product (GDP), GINI, and the Human Development Index (HDI). In addition, there are 18 indicators on household living conditions/poverty and 24 indicators on environmental protection.[26] However, the GSO has the capacity (data) to collect and publish only two thirds of these indicators. Many indicators related to poverty and the environment are not yet collected. Data are sometimes unpublished and therefore unavailable, there are also inconsistencies across M&E systems with common indicators reporting different values, and weak linkages between development plans and polices with relatively similar objectives. The Ministry of Planning and Investment (MPI) is currently revising the Socio-Economic Development Plan indicators for the period 2016–2020, and the Law on Statistics will be amended with a new decree on socio-economic development indicators, presenting an opportunity for a more coordinated approach.

Capacity also constrains M&E processes. For example, in **Viet Nam** M&E capacity within the GSO, ministries and provinces is limited. Further, national sustainable targets have not been disaggregated to sectoral and local targets and therefore cannot be realized. Sector ministries and local governments require guidance on how to formulate these targets. In **Bangladesh**, the Implementation, Monitoring and Evaluation Division (IMED) is the central body responsible for monitoring and evaluation of the development projects. However, IMED does not have the capacity to monitor and evaluate the growing number of projects. This is exacerbated by frequent changes of experienced staff, which threatens institutional memory, crucial for planning. **Tajikistan** faces a number of M&E challenges related to poor institutional capacity, including vaguely defined objectives and a low quality of M&E indicators that are mostly focused at the national level and weakly connected to evidence-based subnational databases. While the Government has been able to measure some macroeconomic improvements in poverty alleviation using the central statistical database, the quality of sectoral and subnational Development Plan progress reports is largely inadequate (MEDT & UNDP, 2013). MEDT, with the support of UNDP, is currently testing an automated M&E system of the National Development Strategy/Living Standards Development Strategy and District Development Programmes (DDPs).

26. Prime Minister's Decision No.43/2010/QĐ-TTg, 02/6/2010.

Box 16

Peru Unsatisfied Basic Needs measurements

In Peru unsatisfied basic needs (UBNs) have been used to capture the non-income dimensions of poverty. There are six UBNs: (i) houses with inadequate physical characteristics; (ii) overcrowded homes; (iii) houses without toilet facilities; (iv) households where at least one child does not attend school; (v) households where the household head did not complete a primary education; and (vi) households with three or more breadwinners. Households with one UBN are considered to be in a state of poverty, with the rate of poverty increasing with the number of UBNs.

Between 2007 and 2013 the multidimensional poor—those with at least one UBN—declined from 30 to 20 percent. The population in a state of deep poverty—those with between two and five UBNs—was more than halved, from 9 to 4 percent in the same years. However, poverty alleviation, shown by the decrease in UBNs, is minor compared to the reduction of monetary poverty for the same years. Also, the underestimation of poverty, if only viewed from an income perspective, is quite significant in some Peruvian regions. For example, in 2013, between 12 and 13 percent of the population of Tumbes were affected by income poverty, compared to 30 percent according to the UBN approach (National Institute of Statistics and Informatics—INEI in Spanish—and INEI Database, 2015).

However, the UBN approach to multidimensional poverty does not consider some important conditions of exclusion, such as education, gender and age. From a multidimensional perspective, the multidimensional poor are more numerous, and their numbers have not decreased as much as the income poor in recent years. Vasquez (2012) calls the population not captured by income approaches as the 'invisible poor'; according to his calculations, they amounted to 3,600,000 individuals in 2011.

In all the scoping study countries M&E frameworks suited to integrated sustainable development approaches are yet to be fully developed and monitoring and evaluation results are rarely fed back into policy development. In **Kyrgyzstan** the NSSD and PTSD incorporates monitoring and assessment into policy development. However, to date monitoring has tended to focus on confirming an activity has been done rather than on indicators of change (Nogoibaeva, 2014). The system is constrained by poor data collection systems and provision. This is being tackled through the introduction of a new conceptual and methodological framework within the Green Growth Declaration endorsed by the Organization for Economic Cooperation and Development (OECD)[27] (see annex 3). Additionally, Kyrgyzstan is accelerating its activity on the monitoring and evaluation of the SDGs and the National Statistical Committee of the Kyrgyz Republic has become a member of the UN Interagency and Expert Group on Sustainable Development Goal Indicators (IAEG-SDGs), representing the Central Asian region. In **Bangladesh**, clearly defined indicators are lacking. Currently, the success of development planning is evaluated on the basis of the share of the total Annual Development Programme (ADP) budget that is spent within a particular financial year. The contribution of a particular project towards meeting broad national goals or internationally set but locally endorsed

27. As part of its Green Growth Strategy, the OECD has developed a conceptual framework to monitor economic growth and development.

targets like the SDGs cannot be assessed due to a lack of properly defined and linked indicators. It will not be possible to monitor the progress towards meeting the SDGs with the current monitoring and evaluation system of the country.

Box 17 provides examples of monitoring and evaluation tools in use and under development in the scoping study countries. **Box 18** details the M&E systems in place across government jurisdictions in Peru.

Box 17

Monitoring and evaluation tools

Peru's **Public Sector Integrated Financial Administration System** tool (SIAF-SP/Spanish acronym), although designed for financial management, facilitates monitoring and evaluating both inside and outside the public sector. The system records all public sector expenditures at the national and regional level, and is gradually incorporating local government information. The Ministry of Economy and Finance (MEF) has a 'friendly consultation' interface available on the web which provides access to information. Currently, SIAF-SP is operational in about 2,400 public sector executing units (i.e., all national government units, 26 regional governments and 1,834 local (province- and district-level) governments). SIAF-SP still has some important limitations, including: (i) its design is largely oriented towards financial registration and control, rather than supporting management and decision-making; (ii) it is not fully aligned or integrated with strategic planning processes or multiannual budgets; and (iii) it does not focus on measuring outputs and impacts, and therefore does not provide adequate feedback to decision-making in policy design.

Box 18

The development of M&E processes in Peru

In Peru M&E is still at an early stage of implementation and despite a lot of activity and diverse institutional arrangements, both in government and in civil society, monitoring and evaluation does not regularly feedback into planning. CEPLAN (the National Centre for Strategic Planning) is responsible for monitoring and evaluating the *Plan Bicentenario*, and since 2014 it has been installing the state's strategic planning monitoring system, which will involve the ongoing monitoring of the strategic plans of ministries and regional governments, and eventually of local governments. This will allow a cross-level view, as it also involves supervising the coherence between different types and levels of development plans as they are formulated and implemented. However, resource constraints cast doubt on CEPLAN's ability to perform this function at the subnational level. Approximately 2,000 subnational governments formulate and implement development plans in Peru. Interviews with CEPLAN and regional government officials in the Loreto region for this study confirmed that CEPLAN has the will but not the capacity to assist all 25 regional governments (26 if we include Metro-

politan Lima) in producing adequate and well-coordinated development plans; as of mid-2015, they only had two permanent officials and limited funds available for this task.

At the highest level of decision-making, the **Council of Ministers** is responsible for coordinating and evaluating overall government policy, as well as national, sectoral and multisectoral policies. In turn, each ministry must also monitor performance and achievements at the national, regional and local level, and take appropriate action. For sectoral plans and programmes, the role of **Executive Branch Commissions** (Comisiones del Poder Ejecutivo) is important. They were created to carry out monitoring and control functions, and propose or issue reports, which serve as the basis for decisions of other agencies. Multisectoral permanent commissions include the Comisión Interministerial de Asuntos Sociales (CIAS). Nationally, the **Comptroller General's Office** (Contraloría General de la República) is another major actor, as the highest authority of the National Control System. Its latest M&E oversight reports in 2015 covered programmes and institutions relevant to social and environmental development, including the National Forest and Wildlife Service (SERFOR), the '*Trabaja Perú*' programme for the generation of inclusive social employment, and the General Office of Hydrocarbons at the Ministry of Energy and Mines.

At the subnational level, both regional and local governments have agencies and processes for the monitoring and evaluation of development policies, and the legal framework requires significant citizen participation. Regionally, for example, **Regional Councils**, as legislative bodies in each regional government, and **Regional Coordinating Councils**, as advisory bodies that include civil society and local government, monitor regional development plans and policies. For joint monitoring and evaluation between levels of government, there is an **Intergovernmental Coordination Council**, established in 2013, where the three levels of government seek to agree on policies, programmes and projects, and to monitor these as state policies. However, this mechanism is still in its infancy and has had limited use so far.

The **Ombudsman (Defensoría del Pueblo)** plays a major role in monitoring human rights and recently has monitored a number of issues highly relevant to an integrated approach. In 2015, for example, it issued reports on the state management of mining and hydrocarbon environmental liabilities, the human right to water and sanitation, and the right of Amazonian indigenous peoples to intercultural health. The **Roundtable for Poverty Reduction (MCLCP)** leads joint (consensus-based) monitoring of strategic social programmes between state and civil society, and in addition to monitoring, it allows for joint analyses on emerging implementation problems and proposed solutions.

At the international level, Peru assumed leadership of the global dialogue on Participatory Monitoring for Accountability (PMA), one of six key means of implementation proposed for the SDG framework. Based on a national consultation in 2014, both state and civil society actors believe that PMA should play an important role in national sustainable development by 2030, including in the implementation and localization of SDGs. The relevance of using existing institutionalized mechanisms at the national level to integrate PMA in SDG implementation has been stressed. Peru is able to build on the consensus-based monitoring of public policies promoted by the MCLCP, as well as lessons from the Participatory Results-Based Budgeting process that is implemented throughout the country.

Landscape of the beginning of the rice harvest, Mai Chau, Hoa Binh province, northern Vietnam.
Photographer: Tran Thi Hoa, 2002

5

Towards integrated development planning and implementation—challenges and enabling factors

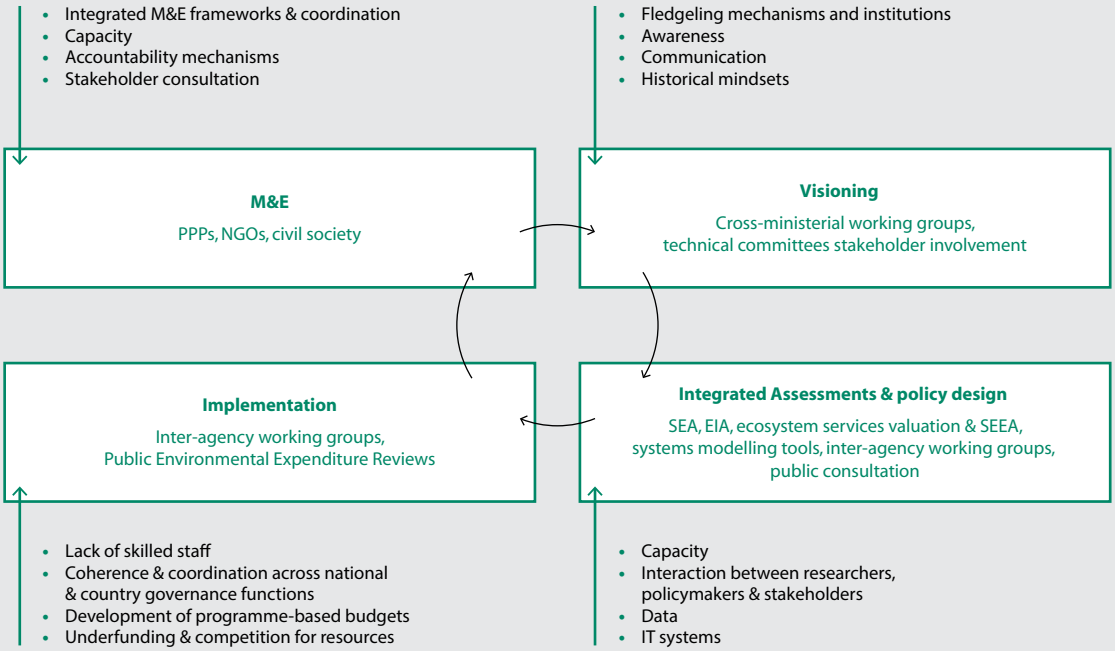
5
Towards integrated development planning and implementation—challenges and enabling factors

It is clear that further enabling actions and support are needed to harness the political commitment already expressed by many governments in formulating their strategies and plans and to mainstream the mechanisms for integrated planning that are starting to emerge. This support will need to be tailored to the needs of individual countries based on their development context, institutional structure and capacities. This synthesis report identifies five keys areas where support is needed: (i) the strengthening institutions and governance systems (including the political economy); (ii) the strengthening evidence-based, empirically backed policy options to support and inform consultative policymaking processes; (iii) the development of budgeting and financial systems; (iv) the development of M&E frameworks; and (v) capacity development across all stakeholder groups and stages of the integrated planning process.

These recommendations are consistent with other reviews. For example, UNEP 2015c posits that despite the growing engagement with green initiatives, a number of major challenges exist and there is a need for economic and fiscal policy reforms, legislative changes, new technologies, changes in financing, and strong institutions that are specifically geared to safeguarding social and ecological floors.

Figure 3 presents an overview of the mechanisms currently being used by scoping study countries to facilitate a transition to integrated approaches (within the blue circle) and the challenges apparent at the key stages of the planning cycle. Broadly speaking, the constraints to integrated approaches include weak institutions, governance issues, low awareness of the poverty-environment nexus and limited capacity, data and resources. These constraints and proposed enabling actions to address them are discussed in more detail in section 5.1. For each core area of support identified in this study, sections 5.1-5.5 highlight the challenges faced and the potential enabling factors supported by specific examples of where support could be focused in the scoping study countries.

Figure 3: Overview of mechanisms adopted by scoping study countries to support integrated planning, and associated challenges across the planning cycle



5.1 Strengthening institutions and governance systems

5.1.1 Challenges

The existence of institutions, laws, policies and strategies promoting integration provides a critical foundation, but most institutions are still weak and need support to develop if they are to influence development policy. The fledgling institutions that have been introduced need support to flourish.

In many of the pilot countries, new institutional structures and cross-sectoral coordination mechanisms have been introduced (e.g., in **Kyrgyzstan** following Independence, and in **Kenya** and **Ethiopia** following the adoption of a new constitution and move to a federal system). Development of these institutions is understandably a slow process that must go through stages of iterative learning and evolution to become fully integrated and holistic.

In **Kyrgyzstan** the lack of political responsibility for achieving the outcomes of agreed strategies and plans is a fundamental problem. Despite efforts to reform public administration systems, old-fashioned command systems prevail. A disconnect between objectives and plans and the administrative tools used by the government leads to a shortfall of strategic documents and hampers the overall development. In **Tajikistan** procedures and guidelines for national long- and mid-term holistic

and integrated development planning need to be elaborated and officially adopted. Furthermore, the legal and regulatory framework for integrated planning needs to be improved. For example, the law on Strategic Environmental Assessment (SEA) needs to be finalized and the law on Environmental Impact Assessment (EIA) needs to be developed in line with international practice.

A major challenge facing integration in most countries is that planning institutions and processes still work along sectoral lines. Cross-sectoral approaches and coordination of strategies, policies, approaches and programmatic interventions are rare (UNDESA/UNDP, 2012). In many countries, no one institution has the power, mandate, resources, and inclination to compel or facilitate a situation in which all actors pull together to achieve cross-cutting, integrated development aims. Though there are exceptions, fragmentation is the norm (UNDESA/UNDP, 2012).

For example, in **Peru** the system is fragmented and CEPLAN has not yet exercised the leadership required to guide the country's strategic decisions. A key barrier is that the main institutions in the executive respond to sectoral targets, while those that should generate coordination and synergy between various sectors usually operate at a lower level in the decision-making hierarchy. There are also challenges related to the relative weakness of planning institutions and their processes, including CEPLAN, vis-à-vis well-established programming and budgeting systems and processes (under MEF). Therefore, it is often difficult to translate many aspects of visions and plans into actual policy instruments.

For many countries integrated planning and policy coherence is a new concept. Too often, a lack of coordination mechanisms, budgets for cross-disciplinary work, and incentives for working together make it difficult even for motivated groups and individuals to collaborate. It is not uncommon for staff and leadership to be concerned with protecting their turf rather than collaborating to contribute to a larger good. Collaboration is also likely to incur additional coordination costs and require a set of skills that is distinct from the substantive or technical skills that were the focus of the professional training for most government employees (UNDESA/UNDP, 2012). Overcoming institutional inertia or resistance is not easy, particular in an environment of tight budgets, limited staff, unreliable funding streams, and shifting donor priorities. The relative power of some sectors (finance, planning) over others (environment, social sectors) also complicates efforts to work together (UNDESA/UNDP, 2012).

Box 19

The importance of policy coherence

Policy coherence around a shared national vision for sustainability is a prerequisite for sustainable development. This involves:

- Aligning different sectors of government (e.g., agriculture, forestry and water resources management) around shared objectives;
- Ensuring policy coherence across fiscal, economic, social and environmental dimensions. A coherent policy framework is needed that eliminates perverse incentives and encourages private sector and civil society involvement in greening the economy through appropriate investment and taxation policies and an enabling environment that encourages the transfer of clean technologies;
- Bringing promising approaches to scale;
- Strong coordination mechanisms and well-functioning accountability and transparency systems.

Source: UNDESA/UNDP, 2012.

5.1.2 Enabling actions

A transition to integrated planning and implementation requires strengthening institutions and governance systems at all levels to facilitate the implementation and mainstreaming of national green economy visions and strategies across sectors and ministries. Most countries already have a national vision and the policy basis for sustainable development and integrated planning. In some cases this national vision and the strategies to achieve it need to be backed up by effective legislation.

In **Kyrgyzstan** legislation endorsing and clarifying the major principles, elements and procedures of strategic planning are under development. Work is required to ensure that the new legislative basis is supported with relevant procedures, rules and methodologies and by existing and new institutions. To better facilitate cross-sectoral working processes, a cross-cutting logic needs to be better reflected in national programme-based documents. Organizations need to be strengthened, for example the National Council for Sustainable Development could create thematic cross-sectoral groups led by senior coordinators to increase support for sustainable development policies at the national level.

In **Viet Nam** the core focus of an integrated approach should be to mainstream sustainability issues into the social-economic planning and budgeting process, the backbone of development planning. This will ensure that poverty and the environment are considered in parallel with economic issues. At present, mainstreaming is achieved through line ministry and local authority sustainable action plans, which are drafted by the sustainable development board and not the board drafting the social and economic development plans. Political will and commitment are needed to enact such a change. Further, current guidance on the mainstreaming of sustainable issues into the social and economic planning process at the sectoral and local level is very general, with sustainability issues presented in the form of national target indicators with no indication of how these can be mapped at the sectoral/local level. As a result, ministries and localities find it difficult to integrate the sustainable issues into their planning processes. Detailed legal guidance on the mainstreaming of sustainable development is needed at the central and sectoral/local levels.

Box 20

Key enabling actions to accelerate implementation of Ethiopia's Climate-Resilient Green Economy (CRGE) strategy

Institutionalization and further capacity-building requirements: CRGE units in sectoral ministries and at the regional state level do not have an approved functional structure or staff. A priority is therefore to speed up the process of approval, staffing and subsequent capacity-building interventions. This is essential to ensure the required organic link between CRGE planning units in sectoral ministries and relevant bureaus at regional state levels.

Transition from fast-tracking pilot project implementation to integrated programme management: The fast-tracking facility has been indispensable as a learning-by-doing process. However, based on Ethiopia's existing successful experience in social and economic development sectors, the CRGE strategy should be executed as a broad cross-sectoral programme with constituent medium-term programmes periodically pre-

pared and implemented in different pillar sectors (agriculture, energy, transport, etc.). Therefore, it is important to accelerate the process of transition by finalizing and implementing integrated CRGE sectoral programmes already under preparation by different ministries.

Role of planning units/departments in sectoral ministries and relevant regional state bureaus: Proper integration requires the full involvement of planning units/departments of sectoral ministries and relevant regional bureaus in CRGE initiatives. Currently, planning units are bypassed by focal CRGE groups/units and the CRGE Facility secretariat within the Ministry of Finance and Economic Development (MOFED) in planning and project-appraisal processes. The traditional coordinating role of the planning departments within sectoral ministries and relevant regional bureaus should be properly used, by building their capacity to facilitate the full integration of CRGE programme initiatives in the regular planning, budgeting, and monitoring and evaluation processes.

Functional mandate of the National Planning Commission: The CRGE Facility in MOFED is essential for the coordinated access and use of global finance. It has played a crucial role in the overall coordination, institutionalization, capacity-building, and in the appraisal and monitoring of fast-tracked CRGE projects. However, in line with the desired move towards full sectoral programme development for CRGE initiatives, the technical side of project appraisal and implementation follow-up should be fully mandated to the National Planning Commission and respective organs at the regional level. Full staffing and capacity-building is required in the National Planning Commission.

Source: Ethiopia Scoping Study.

Political ownership and the involvement of top level leaders and senior ministries are critical. Without this it is difficult to achieve overall traction across a country. There is a need to develop a much greater role for the Ministries of Planning and Finance to coordinate integrated approaches and attract support from stakeholders and donors. Working with the Ministry of Finance can also create opportunities for dialogue on strengthening the tax base through proper pricing and the collection of natural resources rents, and the elimination of general subsidies for energy, electricity and water. Although challenging and often requiring compensatory measures to vulnerable groups, these measures can help strengthen government budgets, reduce corruption and the overharvesting of natural resources, and improve domestic accountability mechanisms (UNDP, 2012).

For example, the need to increase the number of 'champions' committed to working on the integrated agenda from key institutions such as the Ministry of Finance is recognized in **Kyrgyzstan**.

Stronger partnerships and communication is needed across all tiers of decision-making so that all groups—governments (at all levels), communities, businesses and citizens—see themselves as working together towards a common goal. The fledgling mechanisms set up for coordination and collaboration between agencies and stakeholders in many countries need support to fully develop and be effective.

For example, in **Viet Nam** strengthened coordination among vertical governmental organizations (from the central down to the local and sub-local levels) and horizontal coordination (among different ministries) is critically required to ensure consistency between sectoral/local plans and national plans and resource mobilization. Better coordination is also needed between different national boards/committees/offices, and the Ministry of Planning and Investment (MPI) (as the body in charge of national social and economic planning). In **Kyrgyzstan** it is suggested that the National Council for Sustainable Development could create thematic cross-sectoral groups led by senior coordinators to increase support for sustainable development policies at the national level. To promote sustainable development in **Peru**, it is suggested that there be an institution with a similar cross-sectoral approach to 'intersectoral'

committees on social and financial issues as that which existed in the past. This institution would initially identify strategies that simultaneously achieve economic, social and environmental goals and minimize social and environmental costs. In a second stage, this commission should propose new intersectoral strategies to achieve the goals of sustainable development set out in national development plans and in their territorial versions (applicable to macro-regions, regions, provinces or districts) that require the interaction of different policy sectors within respective territorial levels of government. In **Tajikistan**, the concept of 'green economy' is a new and increased discussion and awareness-raising is required across legislative and executive bodies, civil society and the scientific community (OSCE, 2014).

5.2 Strengthening evidence-based, empirically backed policy options

5.2.1 Challenges

Achieving an inclusive green economy and the SDGs will require reliable and complete data (disaggregated by relevant factors, such as gender, age and geographical location) for assessing problems, identifying priorities, gauging effectiveness, guiding policy, and measuring results and tracking progress. In most countries data are insufficient and data collection practices poorly organized.

Governments in developing or transitional economies often have to take pragmatic approaches to decision-making given limited evidence due to capacity, data and financial constraints. However, integrated planning requires coherence across various levels—policy, decision-making, implementation and review—and each of these levels should be informed by evidence and broad-based consultation. Furthermore, the complexity of integrated planning, with its many drivers and actors, makes evidence-based policymaking increasingly desirable.

5.2.2 Enabling actions

Appraisal approaches and system analysis tools need to be promoted to ensure that agencies, sectors and civil society are better informed on the need for integrated policies (including the trade-offs) and how they can be implemented. A key area where support is needed is the valuation of ecosystem services and the development of natural capital accounts to: (i) ensure natural resources are acknowledged in investment decisions and managed sustainably; (ii) build awareness on the social cost of unsustainable practices; (iii) inform environmental fiscal reforms; and (iv) make the case for increased budget allocations. The lack of ecosystem valuation and inclusion of natural capital in national accounts undermines sustainable production and management. More analysis of vested interests and the political economy is also critically needed to understand what drives inequality, as growing inequality poses a barrier to sustainable development.

New studies of biophysical, social and economic systems will be needed to inform policy integration across various areas. Science plays an important role in the formulation of evidence-based targets and indicators, assessing progress,

testing solutions, and identifying emerging risks and opportunities. Integrated planning requires a better understanding of the dynamic relationships between complex systems such as water, energy, agriculture, industry, trade, and ecosystems and the impacts and changes they will undergo from future threats such as climate change. This is key to reducing the risk of catastrophic shocks and exploiting beneficial opportunities from feedback loops, both of which enhance the sustainability of these systems and the resilience of vulnerable populations that depend upon them (UNDESA, 2015). Research is also needed to understand the interlinkages and interdependencies between **natural and social systems**, which can support integrated policy planning, monitoring and review at different scales. A close collaboration between the policy and scientific communities and other stakeholders can help develop the understanding of these linkages in support of a transformation towards sustainable development/inclusive green economy.

Participatory approaches to developing scientific knowledge need to be developed and promoted. For example, this would involve using actor-oriented approaches that are based on stakeholders' perceptions of ecosystem services and social issues in order to fully understand socio-physical systems, distributional factors, trade-offs and potential synergies.

Capacity-building is required across government and specialized agencies in the broad range of tools that can inform integrated planning such that countries can independently undertake and periodically uptake assessments. Also key is that government and other stakeholders are trained in how to derive policy messages and briefings from specialized and detailed assessment models and processes to ensure that the right messages are fed into policy development and lobbying. Better data (e.g., scientific, socioeconomic) and data management systems are also required (**Box 21**).

Box 21

Generating data and developing information systems

In **Peru** there are several information systems in place that seek to consolidate useful information. The National Institute of Statistics and Informatics (INEI in Spanish) is the official source of this information, but other public entities also produce or manage specific information (sometimes in coordination with the INEI). However, long-term databases, periodic censuses, surveys and registration information are also necessary for informed decision-making. Recommended actions include: (i) That the state sets a structured programme to update key databases and reports to be addressed by every government administration. For example, national communications on climate change should be undertaken every three years, and a land-use census frequently enough to generate a time series and allow mapping with the population census; (ii) INEI should be the repository of official information for the country and for all sectors, integrating databases and making data available to users; (iii) The information needed to apply different sustainability measurement models (e.g., genuine savings, general equilibrium models, T21) should be prioritized to provide additional information and to allow universities to open lines of research and raise the interest of students in the sustainable development approach; and (iv) Studies using approaches such as foresight, scenario-building and Delphi type surveys should be encouraged to contribute to a long-term vision for integration of environmental, social and economic information, and to facilitate decision-making at local, regional and national levels.

Source: Peru Scoping Study.

Woman working on TMSS supported, WB funded cucumber farming project.
Photographer: Shehzad Noorani, 2002

5.3 Development of budgeting and financial systems

5.3.1 Challenges

The transformative post-2015 development agenda must be underpinned by a credible means of implementation (Addis Ababa Action Agenda, 2015). However, currently all countries, to varying degrees, face a shortfall in the funding required to meet sustainable development objectives. Clear lines of resource mobilization along with realistic financing frameworks and responsibilities will be imperative if a rapid transition to an inclusive green economy is to be achieved. Stronger measures are needed to expand the tax base, remove perverse incentives, encourage private investments, increase efficiency and address corruption.

Box 22

Challenges facing finance

In the area of finance, as pointed out in UNEP's Inquiry (2015), changes are needed both on the **demand side** of finance, through pricing reforms, smart public finance and environmental regulation to improve the risk-return ratio for green investments, and also on the **supply side** of finance, to address market failings such as short-termism, inadequate information, misaligned incentives, inadequate risk management, and incumbents' resistance to positive changes. Collaboration is needed across central banks and regulators of banking, insurance and investment sectors, stock exchanges, and the Socially Responsible Investment (SRI), Environmental, Social and Governance (ESG) and Impact Investing sectors to realize these changes.

The **UNEP Finance Initiative** is seeking to promote a market-driven, impact-based response to the fulfilment of the Sustainable Development Goals, led by a combination of corporations, banks and investors. In addition, there is a need to scale up innovations in insurance and to build the risk capacity of nations. Ultimately, financing the sustainability transition will require new skills among the millions of professionals who work in the financial sector as well as in financial policy institutions and regulators. This requires new initiatives to create financial cultures that incorporate the sustainability imperative into institutional values, incentives and core competencies.

Source: UNEP, 2015.

Photographer: Ray Within

5.3.2 Enabling actions

It is critical that integrated planning goes hand in hand with budgeting, so that funds are available for implementation and programmes prioritized and phased in the face of budget constraints. In this regard, the Ministries of Finance and Planning play an important role. Currently, integrated strategic planning is weakly harmonized with budget planning in most countries. For example, in **Bangladesh**, the poverty-environment nexus is not considered in the formulation of the Annual Development Programme (ADP), the main tool for public capital spending, and it is not clear how much of the total ADP allocation is related to environment. A separate budget line therefore needs to be created to trace environmental spending and allow it to be monitored and assessed. In terms of the approaches to be adopted to integrate environment and poverty concerns into budget frameworks, Environment Expenditure Reviews and **programme-based budgeting procedures** are seen as a major instrument. Generally there is a low level of knowledge and skills within government institutions to implement these approaches and thus support in this area is a priority need.

Financial systems that advocate and support a Green Economy and the SDGs are needed. There is a need to identify effective financing mechanisms to meet the costs of achieving the SDGs and transitioning to an inclusive green economy. Possible sustainable financing mechanisms include green banking, environmental fiscal reforms (e.g., reducing fossil fuel subsidies), mainstreaming natural capital into national budgeting processes, and other market mechanisms such as Payments for Ecosystem Services (PES) and Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (REDD+). There is also a role for innovative tools (e.g., mobile banking and digitalized payments) in meeting the objective of equal access to financial services for all (Addis Ababa Action Agenda, 2015).

Fiscal Reform has the means of both raising revenue, which can be reinvested in support of sustainable development initiatives, and changing behaviour. Fiscal policy reforms are needed that shift the tax burden away from labour and income and towards environmental and social externalities and rents from scarce resources, to incentivize resource efficiencies and reduce inequalities. Widely supported by international organizations is the elimination of fossil fuel subsidies and the introduction of a price for carbon, accompanied by social strategies to ensure that the poor are not adversely affected. For example, in **Peru**, fuel taxes encourage the use of the most polluting fuels, and could be realigned to support green growth.

Environmental finance needs to expand meet the SDGs. It also needs to be better allocated and used more efficiently. Environmental finance should also drive innovation and partnerships, especially with the private sector. Coordination across environmental finance, development finance and innovative finance is also needed. Alongside resources from state and Official Development Assistance (ODA), private sources for sustainable development are becoming increasingly important. In order to mobilize these sources, governments need to establish the right mix of policy instruments that: (i) correct market failures while creating incentives for the private sector to adopt green technologies; and (ii) ensure favourable conditions for direct foreign investments and trade compatible with a country's green development framework.

Development partners play a key role in supporting a country's strategies and development plans, for example through the UNDAF process and other national mechanisms. Development partners need to ensure that their funding priorities are closely aligned with a government's sustainable development priorities (UNDESA/UNDP, 2012).

5.4 Support for M&E

5.4.1 Challenges

The M&E system plays an important role in ensuring the realization of all sustainable development targets. Most countries have established M&E systems for social and economic development policies, plans, and strategies, however, these systems are not fully effective and/or not tailored or capable of being applied to integrated approaches and the SDGs. Monitoring and evaluation results should feed back into planning and policymaking, thereby fine-tuning/adjusting policy design and formulation, programming and budgeting. Currently this is not happening due to the disconnection between policymaking and implementation and immature or underdeveloped M&E systems. Monitoring and evaluation is a labour-intensive and expensive procedure. There are also data and capacity issues.

5.4.2 Enabling actions

Integrated planning systems require further support to fully develop the approaches and assessment methods required to establish programme and policy evaluation processes, and to measure progress towards the SDGs. New and more tailored metrics as well as bolstered data collection systems and capacities are needed in both the public and private sectors, to reflect multidimensional measurement of growth and natural assets. Often the main national institution responsible for data collection, national statistics offices, lack infrastructure for conducting monitoring, while ministries have little skills for the collection and processing of data, and therefore require support.

The incoming SDGs will require countries to generate specific information for each goal and target using standardized methodologies, and to report regularly on progress. This new commitment will emphasize the importance of a sustainable development approach. Ongoing work by the UN Statistics Division (UN Statistical Planning and Development Section) to devise an integrated monitoring framework for the SDGs should provide general assistance in monitoring integrated policies and projects.

5.5 Capacity development

Capacity constraints limit integrated planning at all stages of the planning cycle, across all levels of government and stakeholders. Individual and institutional capacity challenges common to developing country governments include insufficient technical knowledge; weak assessment abilities; limited research capacity; limited monitoring and evaluation capacity; and a lack of public awareness of and support for sustainable development (UN-DESA/UNDP, 2012). In addition, the Addis Ababa Action Agenda stresses the need for capacity-building in developing countries in areas such as

public finance and administration, social and gender responsive budgeting, and financial regulation and supervision. These findings are also borne out in the scoping studies. Despite common challenges, capacity development must be country driven, address the specific needs and conditions of countries, and address sustainable development priorities (Addis Ababa Action Agenda, 2015).

Governments alone will not be able to address all the challenges of integrated planning and implementation. Therefore multi-stakeholder and institutional capacity-building is needed to bolster cooperation and collaboration across the board in the transition to a green economy.

Central government

Policymakers and civil servants need support to better understand the concept of a green economy and integrated planning. For example in **Peru** few officials have a comprehensive view of sustainable development, and there is a need to train a new generation of officials in this matter. In partnership with universities and existing graduate programmes in the field of sustainable development, it is possible to train public officials from various agencies of the executive branch, as well as within local and regional governments. Similarly, incentives can be designed to have professionals from different disciplines contribute to an interdisciplinary approach at the formulation and implementation stages of strategic plans. The high turnover of civil servants negatively affects public institutions in general. However, for several years there has been an attempt to fully implement public service careers under the state modernization reform. This could give some incentives for continuity in some key positions and requires ongoing support and development. Awareness-building and developing government buy-in is also needed in **Kenya**. In **Bangladesh** increased awareness and analytical skill development is needed within the Planning Commission and other ministries.

Technical skills need to be developed in the analysis, monitoring and evaluation of cross-sectoral policies. There is a need to improve data development, particularly concerning the acquisition of reliable and periodical data on key inclusive green economy areas. This will require strong and qualified statisticians as well as improved institutional coordination across government agencies and other key actors for better data collection and use of indicators (UNEP, 2015).

Fisherman, Lake Muhazi, Rwanda.
Photographer: Arne Hoel

In **Kyrgyzstan** a high priority is to work with the new members of Parliament and interministerial committees to further embed a sustainable development mindset. Ongoing and planned initiatives by the PEI Programme and the Ministry of Economy need to be supported and upscaled. A number of ministries in Kyrgyzstan do not have policy units responsible for the analysis needed to support strategic decision-making. Moreover, staff turnover is becoming a chronic problem, frustrating sustainable capacity-building among government staff. Building a critical mass of staff in the public service with the requisite skills and sustainability mindset is also a challenge in **Kenya**. Technical skills can be developed through training, but building leadership at the policy level requires a long-term approach. In Kenya, KIPPRA was established to support macroeconomic modelling. Cross-sectoral analyses and linkages are necessary for the application of these tools to yield the intended benefits, but currently line ministries do not have the requisite capacities and staff versed in these analytical tools, which greatly limits their application. In **Peru**, there is limited combined expertise in strategic planning and the sustainable development approach, particularly in decision-making areas. In **Bangladesh**, the capacity of the national and sectoral planning and budgeting process needs to be increased to influence the formulation, implementation, and monitoring of targeted national and sectoral planning documents. The current monitoring system needs to be replaced by a Results-Based Monitoring and Evaluation System and indicator systems to track progress of the SDGs—this requires building the capacity of IMED.

Institutional capacity development, which goes beyond individual staff skills, is needed across the board and includes new and strengthened coordination mechanisms, institutionalizing the use of PEERs, and new requirements for consultation and comprehensive stakeholder involvement during policy and project formulation.

Subnational level

It is also evident that subnational government agencies (regional, county, local) need more support if integrated outcomes are to be realized, given their relatively low capacity and that the implementation of projects will typically be at this level. This is linked to the issue of localization, i.e., that averages can hide the important local variability in multidimensional poverty and pressures on natural assets, and that a more targeted approach is needed to address inequality. **Ghana** is adopting a local-to-national process for its SDGs to address this. Key areas of support include: (i) increased central government financing to local governments to promote integrated planning; (ii) increased capacity-building to translate national policy to the grass-roots level; and (iii) more information and appropriate technical support at the subnational level.

In **Kenya** new institutional arrangements are being formed at the county level, presenting an opportunity to build capacity. Given that forest, wildlife, and agriculture sectors have been devolved to the counties, greater support is required to create awareness and institutional and human capacities at this level. Capacity-building at the local government level is also needed in **Viet Nam**, especially on the use of integrated assessment tools and methodologies for planning and policy formulation and monitoring (e.g., the capacity to assess trade-offs between the social, environmental and economic costs and benefits of policies is lacking).

Private sector

Given that the private sector is in a position to play a pivotal role in accelerating integrated planning and inclusive green growth, capacity-building is needed to create new skill sets, where necessary,[28] along with efforts to create greater awareness of

28. According to ILO (2011), there is a lack of the skills needed to meet the requirements of changing and newly emerging occupations, which impedes green investment and hinders green economic development. Occupations will be affected in different ways. In some cases new ways of working and thus skill upgrades will be needed to apply new technologies or management practices. In other cases new occupations will be created, which often call for higher-level qualifications, either because of their dependence on new technologies, or because they call for specific soft skills such as networking, organizational or consultancy skills, i.e., eco-designers, solar technicians (ILO, 2011).

the benefits and opportunities of integrated planning and collaborative approaches to identify business opportunities that are economically, socially and environmentally viable over the long term.

Civil society

In many countries a broad representation of stakeholders has not been given the opportunity to be involved in the planning and implementation processes. This is particularly true for marginalized groups. To promote broader stakeholder involvement, it is necessary to raise awareness and build capacity on sustainable development mainstreaming. Furthermore, stakeholder engagement requires complex mobilization and coordination mechanisms that are not always available and would need to be developed and institutionalized in many countries.

A range of capacity-building mechanisms are presented in **Box 23**.

Box 23

Examples of capacity-building mechanisms

- **Knowledge-sharing**.
  - Good-practice examples on sustainable development and integration can be made available on national websites to increase awareness and available information. According to UNEP (2015) the power of examples needs to be used much more than it has been so far. Across countries, communities, sectors and businesses, there are many success stories of policies, economic mechanisms, practices, and business models that demonstrate alternative ways forward, which need to be told and retold.
  - Working with a range of governments and stakeholders, UNDP is developing a web portal known as **BES-Net** (Biodiversity and Ecosystem Services-Network), which will be at the heart of a capacity development network. It includes face-to-face events and promotes dialogue among the science and policy communities of practice for the more effective management of biodiversity and ecosystems worldwide.
  - The United Nations Office for Sustainable Development in the Republic of Korea is specializing in brokering knowledge through a process of knowledge development, knowledge exchange, and knowledge use. It offers executive training for policymakers, an annual Sustainable Development Transitions Forum, and tailor-made advisory services (UNDESA, 2015).
- **Learning by doing** initiatives, supported by technical experts, are a possible way of ensuring that national/local capacity is developed and that approaches, programmes and projects can be replicated and sustained.
- **Pilot studies**. The implementation of small- or medium-scale inclusive green economy initiatives can play an important role in identifying lessons and best practices, and demonstrating the potential benefits of an inclusive green economy for all three pillars of sustainable development (UNDESA/UNDP, 2012).
- **Education**. The Earth University in Costa Rica sees education as a powerful tool for transformation and prepares leaders with ethical values to contribute to sustainable development and to construct a prosperous and just society. The university is moving towards transformative learning models, such as a new joint programme on Health and Sustainable Development.

- **Capacity-building programmes**. Specific programmes targeted at capacity-building include the Global Environment Facility's Cross-Cutting Capacity Development (CCCD) programme, which supports 146 countries to meet their obligations under the three Rio Conventions: the United Nations Framework Convention on Climate Change (UNFCCC), the Convention on Biodiversity (CBD), and the United Nations Convention to Combat Desertification (UNCCD) (Hill et al., 2015). Countries assess their national needs and then have an opportunity under the CCCD programme to carry out strategic project interventions that develop the necessary capacities at all levels. It takes an integrated approach by seeking to enhance a country's ability to meet its obligations under the Conventions by creating synergies, while at the same time catalyzing the mainstreaming of Multilateral Environment Agreements (MEAs) into national policy, management or financial and legislative frameworks. The GEF-6 (2014–2018) CCCD interventions remain focused on improved data and information management systems, piloting innovative economic and financial tools, strengthening consultative and management arrangements, and integrating MEA provisions within national policy, legislative and regulatory frameworks.

Harvesting rice-fields in a White Thai village in Mai Chau, Hoa Binh province, northern Vietnam.
Photographer: Tran Thi Hoa,2002

6

Summary and conclusion

6
Summary and conclusion

Integrated planning and implementation is at the heart of the 2030 Development Agenda. The changes needed to adapt and apply inclusive green economy approaches as a means for achieving sustainable development are universal and interlinked. Transitioning to more inclusive, greener economies as an approach for achieving the SDGs will only succeed if addressed at a systemic, whole-economy, whole-society level (UNEP, 2015). It requires an integrated cross-sectoral approach to planning and implementation, reflecting environmental, social and economic dimensions of sustainable development and their complex interrelationships and trade-offs. It requires addressing inequalities and applying a multi-actor and shared social responsibility approach (UNDESA/UNDP, 2012). This requires a move away from the dominant fragmented approach to planning and implementation towards inclusive processes that bring together sectoral and central government agencies as well as other national stakeholders at all levels. Integrated policy formation underpinned by inclusive stakeholder consultation and analysis of biophysical and socioeconomic systems, capacity, good governance/political will, and sustainable financing are the pre-requirements for integrated planning and implementation.

A key challenge in this respect is raising the profile of the environment, which, in the past, is widely recognized to have had less consideration in policies than economic and social dimensions. Integrating environmental sustainability into development priorities (e.g., poverty reduction, health, energy, sustainable livelihoods, and food and water security) will influence a fundamental change in development and growth (UNDP/UNEP, 2013) and is key to human development. The resilience of countries, particularly poor, natural resource–dependent countries, to resist shocks without reversing achievements in human well-being depends on sustainable natural resource management (UNDP/UNEP, 2013). Climate change and growing populations raise the urgency for a comprehensive integration of the environment into development policy and planning.

Also core to sustainable development is equality, not only in terms of income but also, and crucially for the poor and marginalized, in relation to access to natural resources and the benefits of a healthy environment; fundamental services such as education, health care, sanitation and markets; and engagement in decision-making.

This synthesis report has identified what countries are already doing to transition to integrated planning and implementation and analysed what challenges they face. Crucially, it has also discussed where support should be targeted to accelerate the 2030 sustainable development agenda and promote inclusive green growth.

The analysis presented in this report demonstrates that there has been significant advancement in establishing the foundations for a transition to integrated planning for sustainable development. In

most countries the enabling policy and regulatory framework has been established. Furthermore, there is evidence of countries moving beyond high-level national visions and strategies to the development of mechanisms to execute integrated planning. However, these processes are almost exclusively at the development stage and need to be supported, tested and refined over the coming years. Notwithstanding the evident progress, a significant gap exists between stated commitments to sustainable development and the reality of implementing sustainable development policies and programmes. The major challenge now, common across all the scoping study countries to varying degrees, is the realization of the visions and strategies they have formulated through addressing any gaps in a complementary regulatory environment, and providing strong institutional support and capacity-building for the development of integrated action plans and their implementation. This is consistent with the findings of a study by UNDESA and UNDP in the run-up to Rio+20, based on over 60 countries, which cited implementation as the key challenge.

Implementation is not only hindered by a lack of capacity to translate the idea of sustainable development into practice, but also by political economy issues and inertia to address the growing inequalities in many countries due to vested interests. Integrated development approaches are inclusive approaches, and **governance and political economy issues** are widely acknowledged as being among the biggest issues in relation to progress on mainstreaming SDGs into national planning (UNDESA, 2015). The growing inequality in the distribution of wealth and in other dimensions (education, health care, social security) frustrates sustainable development and poverty eradication. Currently, the richest 1 percent of the world's population controls close to 50 percent of global assets, while the poorest 50 percent owns just 1 percent (UNEP, 2015c).

Given the growing inequalities, sustainable development is not only about new technologies, growth and wealth but also about redistributive systems and the inclusiveness of growth. For this reason, more attention needs to be paid to the political economy (conflicts, vested interests, governance) and adopting a human rights framework to expedite the transition to sustainable green growth. The 'free market' economy, which has gained ground, has many positive aspects such as price-discovery and efficient resource allocation, but it is not designed to solve social problems, particularly the problem of inequitable outcomes. Strong policy solutions are needed to address distribution equity (UNEP, 2015c).

By and large it is clear that sustainable development requires a rapid transition to low-carbon energy options, sustainable production and consumption supported by green industries (UNIDO, 2011),[29] and sustainable land use, food systems and urban set-ups. But there is a stubborn 'know-do gap', bolstered by a reluctance to change lifestyles and a lack of political will to serve as a catalyst. An understanding of the political economy offers a means to better understand this context.[30] A political economy perspective can flag vested interests, which can be detrimental to development interests, to avoid hotspots and mobilize 'drivers of change' (UNDESA, 2015).

Other reviews stress the bottlenecks in scaling up and replicating good practices. Specific, concrete achievements in integrating social, economic, and environmental aims are mostly locally based interventions. For instance, sustainable livelihood programmes that pay local people to manage and protect forest resources or wildlife habitats are widespread, and many show promising results for people, the environment, and the local economy. However, for the most part these remain small in scale and there are few examples of countries scaling up these efforts to the subnational or national

29. Green industry promotes sustainable patterns of production and consumption, i.e., patterns that are resource and energy efficient, low-carbon, low-waste, non-polluting and safe. The green industry agenda also aims to create green industries such as waste management and recycling services and renewable energy technologies. It also plays a role in poverty alleviation through promoting energy security, health and safety, jobs, and the reduction of costs through increased productivity (UNIDO, 2011).
30. Political economy is the analysis of power over the projection and distribution of wealth. It maps out actors and their vested interests, strategies, discourses, alliances and conflicts (UNDESA, 2015).

level. Tourism is another sector with tremendous, yet unrealized, potential to achieve triple wins for people, environmental protection, and the economy (UNDESA/UNDP, 2012 and UNDP, 2015).

In conclusion, to achieve the 2030 Development Agenda reflected by the SDGs, national governments have the challenge of developing and implementing strategies, plans and policies that target a systemic transformation. **Integrated development planning**, including IGE approaches, that simultaneously achieves growth, poverty eradication and environmental sustainability, and that considers the synergies and trade-offs between sectors and development objectives, is central to achieving this. Integrated planning and implementation is the defining feature of the way forward, and all stakeholders at all levels (local, national and global) have a part to play in its realization.

While practical, financial and technical capacity-building support is needed for countries in the process of developing integrated planning approaches, political economy issues, while not studied or quantified explicitly in this study, can be seen to underlie all the challenges identified in this report. Therefore, perhaps the more pressing and urgent transformations are in areas linked to the political economy, vested interests, and securing more equitable access to and participation in the benefits of local, national and global growth and wealth creation.

Osh Market.
Photographer: Nicholas Van Praag

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Annexes

8
Annexes

8.1 Scoping study template

Background on scoping studies

"Sustainable development is still chiefly conceived of as development that is *environmentally* rather than *socially* sustainable. 'Social' concerns such as health and education, or inclusion and empowerment, are seen as residing in the MDG framework rather than being integral to the sustainable development agenda. Bringing together these interdependent agendas in the minds of policymakers and practitioners as well as in policy frameworks, development plans, expenditure frameworks, and implementation strategies is a central task in the post-Rio era. The Outcome Document calls for the development of sustainable development goals that 'address and incorporate in a balanced way all three dimensions of sustainable development and their interlinkages.'" (UNDP 2012 synthesis of national reports for Rio+20)

Objective of scoping studies: The scoping studies will assemble evidence on the extent to which integrated approaches and a transition to more inclusive, greener economies have been adopted in the 10 study countries, and the key challenges, bottlenecks and constraints faced. The 10 scoping studies will document the many facets of integrated development approaches needed to facilitate transformative change in the study countries, and in countries facing similar challenges in advancing the evolving post-2015 SDG agenda. **In order to add value to existing studies the scoping studies will have a clear focus on the mechanisms in place throughout the planning process to develop and implement integrated approaches, the challenges faced and opportunities to accelerate towards an inclusive green economy.**

How do you define an Inclusive Green Economy? Annex 1 provides a range of definitions of a green economy, all of which seek to promote human well-being, social equity, resilience and environmental sustainability. Core common elements of a green economy include: (i) Efficient resource use; (ii) Reducing environmental impacts; (iii) Reducing vulnerabilities; and (iv) Promoting an inclusive and transparent approach.

What is the planning process? The scoping studies shall map out, describe and analyse the national planning process (see section 3). The national planning process is comprised of all the activities and decisions undertaken at the national, subnational and sector levels by diverse stake-

holders to both develop and implement policies, strategies, plans and projects. It is underpinned by legislation and includes the following generic components over a revolving planning cycle: stakeholder engagement and coordination to set goals; integrated assessments to understand linkages and changes; policy design and formulation; implementation; and monitoring and evaluation.

What are integrated development approaches? Integrated development approaches simultaneously advance multiple benefits across the three dimensions of sustainable development (social, environmental, and economic). They ensure that poverty eradication and environmental sustainability go hand in hand (UNDP/UNEP, 2013). They require effective governance, policy coordination and coherence across government departments and stakeholders to fully understand and manage the many interactions between economic growth, poverty eradication, and the environment, and ensure that policies and plans are designed and implemented in ways that do not bring progress in one dimension at the expense of another.

Core components of the scoping studies: Each of the country studies will present: (i) an overview of multidimensional poverty and natural capital; (ii) experiences in moving to integrated development policy, plans and implementation (including successes, constraints and bottlenecks); (iii) a clear set of priority actions needed to enable/accelerate the transition to integrated approaches to poverty and sustainability.

Approach

The scoping studies should follow the template provided in order that a comparison can be made across countries and to ensure that the core information required for the synthesis report is available. The synthesis report will draw together lessons and recommendations largely based on the scoping studies.

The scoping studies should build on the national reports and other information prepared for Rio+20, where available, as well as other frameworks, programmes and projects. Table 1 indicates which of the selected countries prepared reports for Rio+20 and the countries involved in key international initiatives.

At the outset of the exercise the local consultant should clarify with UNDP and the International Consultant how the scoping study will be used in each country, e.g., primarily as a UNDP-led technical assessment report, or more as a vehicle to advance one or more national development processes.

The template for the scoping studies has been designed to capture a comprehensive review of the integrated development approaches in operation across multiple sectors and development areas in each country. However, countries may have a strong argument for focusing on a specific theme considered to be a priority for integrated policy-making and implementation. If so, this should be agreed upon at the outset through initial discussions with UNDP and the International Consultant responsible for drafting the synthesis report.

It is expected that sections 1-2 of the scoping reports can be based on existing studies and reviews in most cases. These sections should provide a succinct and clear overview of the issues and be supported by annexes where appropriate. Sections 3-4 are where the scoping studies should aim to generate new information, analysis and insights. Consequently, this is where the most effort should be placed. It is expected that these sections will be developed through a review of available literature/documentation and also draw on interviews and/or broader consultations/workshops, as feasible with government departments (including ministries of finance and planning), stakeholders, international organizations and NGOs.

Timeline

Activity/Deliverables	Responsibility	Date
First draft of national scoping study covering all sections of guidance[1]	National Consultant	31 July 2015
Review of scoping studies	International Consultant, UN-NY	14 August 2015
Final national scoping studies addressing all comments	National Consultant	4 September 2015

1. Note: 1/National Consultants to confirm with UNDP Country Office in country review process and if UNDP Country Office/Government wish to review draft before it is sent to UN-NY/International Consultant on 31 July.

Guide to Length of Report

25-50 pages (excluding annexes)

Table 1: Scoping study country engagement in select international programmes

	Rio +20 preparation				Climate Investment Funds (CIF)				UN REDD				
Scoping study country	**Support**	**Report**	**PEI**	**WAVES**	**PPCR**	**CTF**	**FIP**	**SREP**	**National programme**	**Partner country**	**BIOFIN**	**PAGE**	**Green commodities**
Tajikistan	×	×	×		×								
Kyrgyzstan	×		×			×							
Bangladesh	×	×	×		×			×	×				
Viet Nam	×	×		[×]		×			×				
Maldives	×							×					
Peru	×						×			×	×	×	
Paraguay	×	×							×				×
Rwanda	×	×	×	×				×				×	
Kenya	×	×	×					×				×	
Ethiopia	×	×								×			×

- Rio+20 National Preparation support
- PEI – Poverty-Environment Initiative, UNEP-UNDP
- WAVES – Wealth Accounting and Valuation of Ecosystem Services
- PPCR – Pilot Programme for Climate Resilience
- CTF – Clean Technology Fund
- FIP – Forest Investment Programme
- SREP – Scaling Up Renewable Energy Programme
- BIOFIN – The Biodiversity Finance Initiative, UNDP
- PAGE – Partnership for Action on Green Economy

Section 1: The Poverty-Environment Nexus

This section provides an overview of multidimensional poverty, natural capital and ecosystem services and evidence of the links between development and poverty alleviation and the environment. It should help identify priority areas for action presented in section 5.

This section provides **context** for the rest of the report and it is assumed that the information can be drawn from existing studies.

Section 1 should be a maximum of 10 pages, with supporting information provided as Annexes.

Poverty overview

This subsection sets out the current level of poverty taking into consideration key multidimensional indicators. It highlights the progress made in the past 10 years and presents a discussion on the challenges facing poverty eradication.

Much of the data related to sections 1.1.1 and 1.1.2 are likely to be contained within the latest MDG country reports and should be reviewed as a source in the first instance.

National and subnational trends in income poverty

Present data for the last 10 years on the incidence of income poverty at the national and subnational level.

Year/State	20xx	20xx	20xx	20xx	20xx	20xx	20xx	20xx	20xx	20xx	% change over 10 years
X											
X											
X											
National											

Present data by rural/urban areas, sex, age, ethnic group, type of worker, and migrant status, where possible.

Discuss poverty indicators used in official statistics (e.g., Below Poverty Line, HCR, less than USD 1.25 a day?) and how frequently data are collected. Is the data reliable?

Multidimensional poverty

Provide available data on indicators of well-being such as education/literacy, nutrition, maternal and child health, employment, access to energy, access to water and sanitation, land ownership, (women's) empowerment and inequality (inclusion) at the national/subnational scale.

Present data by rural/urban areas, sex, age, ethnic group, type of worker, and migrant status, where possible.

Challenges facing poverty eradication

What are the key challenges/bottlenecks facing poverty eradication?

Section 2: Natural capital/ecosystem services and poverty alleviation

This subsection sets out a country's natural capital and discusses the links between natural capital/ecosystem services and poverty eradication.

Note that it is expected that this section can be largely based on a synthesis of existing studies and review of official statistics.

A country may choose to prioritize a selection of natural assets/ecosystems to fit its context.

Forests—terrestrial and coastal (mangroves)

- Current status (extent and quality) and trends over the past 10 years.
- Key threats/pressures to forest biodiversity and ecosystem services.
- Evidence of how forests support economic sectors and welfare (especially of the poor). Economic sectors supported by forest ecosystem services include: forestry, energy (hydropower), tourism, and agriculture (e.g., through water regulation and flow, and pollination services). Livelihood/social support is provided through subsistence products (NTFPs), health benefits, and disaster mitigation services.
- Present official statistics on the contribution of the forestry sector to GDP, jobs/employment, and subsistence uses. Summarize the studies available at the national/subnational level that estimated the value of key forest ecosystem services. Summarize the studies illustrating the economic cost of unsustainable resource use. Document evidence of community dependence on forests. Document role of forests in climate adaptation and mitigation and in building the resilience of (poor) communities.
- Are forest ecosystem services considered in national accounts and/or decision-making? Are there plans to do this?

Agriculture/land (including pastural)

- Current status (extent) and trends over the past 10 years
- Key threats/pressures
- Evidence of how agriculture (including livestock) supports welfare (especially of the poor)—jobs, food security, subsistence agriculture. Dependence and impacts on ecosystem services (water, land, soil fertility).
- Present official statistics on the contribution of the agriculture sector to GDP, jobs/employment, subsistence uses. Summarize the studies available at the national/subnational level illustrating the economic cost of unsustainable resource use. Document evidence of community dependence on agriculture. Document role of agriculture in climate adaptation and mitigation and in building resilience of (poor) communities.
- Are the environmental costs and benefits of agriculture considered in national accounts and/or decision-making? Are there plans to do this?
- Who has access/ownership of (agricultural) land, how are agricultural land resources managed and priced, who is impacted by downstream effects?
- What evidence is there of greening of agricultural commodities across the value chain?

Wetlands (lakes and rivers)

- Current status (extent and quality) and trends over the past 10 years
- Key threats/pressures to wetland biodiversity and ecosystem services
- Evidence of how wetlands support economic sectors and welfare (especially of the poor). Economic sectors supported by wetland ecosystem services include: industry, energy (hydropower), tourism, agriculture (e.g. through water regulation and flow), and transport. Livelihood/social support is provided through water provision, health benefits, and disaster mitigation services.
- Summarize the studies available at the national/subnational level that have estimated the value of key wetland ecosystem services. Summarize the studies illustrating the economic cost of unsustainable resource use. Document evidence of community dependence on wetlands. Document role of wetlands in climate adaptation and mitigation and in building the resilience of (poor) communities.
- Are wetland ecosystem services considered in national accounts and/or decision-making? Are there plans to do this?

Groundwater

- Current status (extent and quality) and trends over the past 10 years
- Key threats/pressures to groundwater
- Evidence of how groundwater supports economic sectors and welfare (especially of the poor). Economic sectors supported by groundwater may include: industry, tourism, and agriculture. Liveli-

hood/social support is provided through water provision and health benefits.

- Summarize the studies available at the national/subnational level that have estimated the value of groundwater ecosystem services. Summarize the studies illustrating the economic cost of unsustainable resource use. Document evidence of community dependence on groundwater. Document role of groundwater in climate adaptation and mitigation and in building the resilience of (poor) communities.
- Are groundwater ecosystem services considered in national accounts and/or decision-making? Are there plans to do this?

Fisheries—marine and inland

- Current status (extent) and trends over the past 10 years
- Key threats/pressures
- Evidence of how fisheries support welfare (especially of the poor)—jobs, food security, income. Dependence and impacts on ecosystem services (water, land, soil fertility).
- Present official statistics on the contribution of fisheries sector to GDP, jobs/employment, subsistence uses. Summarize the studies available at the national/subnational level illustrating the economic cost of unsustainable resource use. Document evidence of community dependence on fisheries. Document role of fisheries management in climate adaptation and mitigation and in building the resilience of (poor) communities.
- Are the environmental costs and benefits of fisheries considered in national accounts and/or decision-making? Are there plans to do this?
- Who has access/ownership of fisheries resources? How are fisheries managed and priced?
- What evidence is there of greening of fisheries commodities across the value chain?

Minerals-extractive industries

- Current status (extent and quality) and trends over the past 10 years
- Key threats/pressures
- Present official statistics on the contribution of minerals to GDP, jobs/employment. Summarize the studies available at the national/subnational level that have estimated the value of minerals and their contribution to community development. Summarize the studies illustrating the economic cost and social implications of (unsustainable) extractive practices. Document evidence of community dependence on forests in areas affected by extractive industries.
- Are the environmental costs and benefits of mineral extraction considered in national accounts and/or decision-making? Are there plans to do this?
- Describe current royalty arrangements and other charges levied on mineral companies.

Key challenges and gaps

- What are the key challenges facing the sustainable and inclusive management of natural capital/ecosystem services?

Section 3: Policy framework

This section should provide an overview of relevant national regulations, development strategies, policies and plans (including macroeconomic). Emphasis should be placed on policies, strategies and plans that address poverty, the environment and sustainability. This section can build on the national reports prepared for Rio+20 where available, which contain reviews and lists of relevant laws, strategies, policies and projects. Any initiatives introduced since 2012 will need to be included.

Section 2 should be a maximum of five pages with supporting information provided as an annex.

Existing regulations, policies, strategies and plans

For key regulations, policies, strategies and plans provide a summary of the key purpose/objective, date, responsible ministry/department, and progress in terms of implementation. A list of all regulations, policies, strategies and plans can be provided as an annex. The review can be organized under the following headings: (i) integrated regulations, policies, strategies and plans; (ii) poverty/social development; (iii) green economy; (iv) private sector and (v) fiscal policy.

Integrated regulations, policies, strategies and plans

- Provide evidence/examples of integrated regulations, policies, strategies and plans
- To what extent are high-level strategies integrated across sector plans?

Poverty/social development

- Provide evidence/overview/examples of regulations, policies, strategies and plans focused on poverty and social development.

Green economy

- Provide evidence/overview/examples of regulations, policies, strategies and plans focused on a green economy.

Private sector

Provide evidence, overview, examples of initiatives targeted at (i) corporate environmental and social responsibility and safeguards in the private sector; (ii) supporting/encouraging a business climate of sustainability innovation and leadership in micro small and medium enterprises.

Fiscal policy

Provide evidence, overview, examples of fiscal policy targeted at inclusive green growth.

Key challenges and gaps

- What are the key challenges and bottlenecks facing the adoption of integrated policies, strategies and plans focused on poverty-reducing sustainable development? This should cover political economy factors (e.g., distributional considerations, social inclusion and democratic accountability) as well as issues related to capacity, evidence and financing, etc.
- Include pipeline policies and support that may be needed plus key challenges facing their development.
- Do perverse incentives exist? If so, list and describe the implications/impacts of these perverse incentives. What restricts the introduction of positive incentives?

Section 4: National development planning and implementation

PLEASE NOTE THAT THIS SECTION IS THE CORE FOCUS OF THE SCOPING REPORTS.

It is the area where our study can add the most value to existing studies and work. Therefore the consultant should ensure that this section of the scoping report is fully developed and analysed.

This section should systematically set out the national development planning and implementation process, cycle, actors and structure, provide an analysis of the challenges, bottlenecks and opportunities (supported by stakeholder consultations where possible), and present case studies/examples to illustrate key successes and/or lessons learned.

Overview of the policy development and implementation process

- Set out the end-to-end workings of the national development planning process including key institutions, stakeholders and enabling partners and their (potential) roles at national and subnational level across sectors;
- Provide a flow diagram/visual overview of the national development planning processes to accompany the text provided.

The planning development and implementation process is country specific but there are likely to be common elements across the countries being studied. A high-level representation of the planning process is presented in Figure 1. It is expected that the scoping studies will present a (more) detailed visual overview of the stages/process for each country, accompanied by explanatory text.

Figure: What a national development planning process could look like

Subsections 3.2-3.6 should explore each constituent element/stage of the planning process identified in subsection 3.1 in more detail. A suggestion of the broad constituent elements to the planning process is provided in subsections 3.2-3.6, covering: (i) coordination and visioning; (ii) assessment; (iii) policy design and adoption; (iv) budgets and financing; (v) implementation; and (vi) monitoring and evaluation.

THE LOCAL CONSULTANT SHOULD ADAPT THESE HEADINGS TO MATCH WITH THE DEVELOPMENT PLANNING AND IMPLEMENTATION PROCESS IN THEIR COUNTRY.

It is also noted that the national development planning process is unlikely to be linear but rather to exhibit a number of feedback loops and iterations, which will need to be highlighted.

The objective is to clearly capture the stages in the national development planning process and to indicate at each stage the degree to which integrated development planning is currently being considered/adopted, who the main actors are, and, importantly, how current practices can be developed and enhanced if necessary.

Coordination and visioning

This section addresses the process to develop specific and collective development aspirations, which can be subsequently developed into integrated development policies and plans. Key questions and issues to address include:

- How strong is the coordination across government departments in defining development aspirations, what mechanisms are used to promote this and what plans are there to develop and strengthen these processes in the future?
- What evidence/examples exist of cross-sectoral visioning and agenda setting (cross-sectoral working groups)?
- To what extent are central ministries such as the Ministry of Finance and the Ministry of Planning (i) aware and (ii) convinced of the linkages between poverty and sustainable development? How are central ministries such as the Ministry of Finance and the Ministry of Planning using complementary approaches that link social, environmental and economic dimensions?
- What are the challenges, gaps and bottlenecks to coordinated agenda setting and visioning? That is, to defining specific and collective development aspirations that can then be assessed, costed and developed into policies.

Assessment—tools and methodologies

Discuss and analyse the planning and policy tools and methodologies available or applied to identify and assess integrated development approaches and the gaps in the availability and application of tools. What tools are being used? Are they appropriate and what are the gaps (if any)? What are the bottlenecks and constraints to developing and implementing tools and methodologies?

Provide case studies/examples to highlight success stories and lessons learned.

Integrated decision-making tools to assess cross-sectoral social, environmental, and economic synergies and trade-offs over the medium and long term include: long-term macroeconomic models, e.g., Threshold 21, Computable General Equilib-

rium and Systems Dynamics; and integrated diagnostics, e.g., Strategic Environmental Assessments, Poverty and Social Impact Analysis, MDG Simulations, and Labour Market and Economic Assessments (Cost-Benefit Analysis, Cost-Effectiveness Analysis and Economic Impact Assessments).

Policy design and adoption

- Detail the mechanisms in place to design and approve integrated policies, strategies and plans.
- What evidence/examples exist of cross-sectoral policymaking (e.g., cross-sectoral working groups)?
- How coherent is policymaking? What evidence/examples are there of aligning different parts of government (sectors, national and subnational government) around shared objectives (integrated development aims), bringing promising approaches to scale, and/or ensuring policy coherence across sectors to eliminate perverse incentives and polices that work at cross-purposes?
- Describe mechanisms in place to promote integrated planning among government, civil society and private sector actors, and how well they are working.
- Provide case studies/examples (evidence of innovation approaches and mechanisms) that have been adopted to address poverty and sustainability simultaneously and that have resulted in the adoption of integrated development policies, plans and strategies.
- A review of integrated policy instruments, challenges to their design and adoption, and opportunities for their development should be included here. Policy instruments that encourage a shift to inclusive green economy approaches include: environmental fiscal reform; public climate and environmental expenditure reviews; and social protection, including public works programmes, micro-credit, adaptive social protection and conditional cash transfers, public-private partnerships, and green employment and trade policies.
- What are the challenges, gaps and bottlenecks to integrated policy design and adoption?

Budgets and financing

Review national, bilateral and multilateral financing support for sustainable development and green economy policies and potential gaps, with an emphasis on policy and programme implementation through national expenditure frameworks.

Describe any environment expenditure reviews and assess their main benefits and achievements, especially within the context of integrated poverty and sustainability policymaking.[31]

- What approaches have been adopted to integrate environment and poverty concerns into budget frameworks?

31. The purpose of public environmental expenditure reviews is to identify sources of funding and government expenditures for environment and/or climate purposes. It may also include analysis of the gap between needs and expenditures and institutional assessment.

Implementation

This is an important subsection, generating new information and analysis. It sets out a country's experience to date in the actual implementation (delivery) of integrated sustainable development plans and projects. In countries where the policy framework for integrated development is quite advanced it may explore why implementation may still be limited.

- Describe what role sector ministries and local governments, NGOs, civil society and the private sector play as implementation partners in achieving national development objectives.
- To what degree do countries have the means to implement an integrated sustainable development agenda? What are the priority needs to ensure that the agenda is implemented successfully (awareness, capacity, technology, finance, partnerships)?
- What implementation **mechanisms** are available to support integrated development approaches and what are the potential gaps and challenges?
- Provide examples to illustrate implementation success stories (drawing out features/conditions contributing to success), challenges and lessons learned if possible.

Monitoring and evaluation

What monitoring and evaluation systems and approaches are in place? Who is responsible for undertaking the monitoring and evaluation work and how are the findings being fed into policy development? What are the challenges facing their uptake and implementation and what are the key opportunities for their development?

Measurement frameworks to inform, advocate and assess progress towards integrated development, with links to the emerging post-2015 framework and SDGs include the UN System of Environmental-Economic Accounting (SEEA), composite indices, such as the Multidimensional Poverty Index (MPI), green economy indicators, and a range of other indicators, statistics and quantitative and qualitative data.

Section 5: Key opportunities and enabling actions

This is a core section of the scoping studies and should specify priority areas for action (key opportunities to introduce integrated development approaches) and what is required to realize these opportunities.

These priorities should be based on: (i) the priorities set out in existing policies, strategies and plans, but which may have faced implementation challenges; (ii) priority areas identified in section 1, which sets out the linkages between natural capital/ecosystem services and poverty eradication; and (iii) the gaps and opportunities set out for each stage of the planning process in section 3.

This section should present a clear (phased) high-level action programme in each country.

This section draws on the earlier sections to identify the opportunities for developing and implementing integrated poverty and sustainability policies and plans and the associated enabling actions linked to existing or proposed (planning) processes.

It should answer the question 'How can country x transition to integrated development planning and implementation?' The recommendations should take into consideration the fact that not everything can be done at once, so priorities need to be identified, and that there are prerequisites and stages to the implementation of an integrated development agenda, so while some countries may need to develop their policy framework, others with a strong policy framework in place may need to focus on tackling the bottlenecks in implementation.

What are the two to five priority areas (short-term) for developing and implementing integrated development approaches? What specific support is needed to ensure the success of these priority areas?

What longer-term action and assistance is needed?

Annex: Definitions of a Green Economy

- One that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. It is low carbon, resource efficient, and socially inclusive. In a green economy, growth in income and employment should be driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services (UNEP, 2012).
- A system of economic activities related to the production, distribution and consumption of goods and services that result in improved human well-being over the long term, while not exposing future generations to significant environmental risks or ecological scarcities (UNEP, 2009).
- An economy that results in improved human well-being and reduced inequalities, while not exposing future generations to significant environmental risks and ecological scarcities. It seeks to bring long-term societal benefits to short-term activities aimed at mitigating environmental risks. A green economy is an enabling component of the overarching goal of sustainable development (UNCTAD, 2011).
- Green economy is "a resilient economy that provides a better quality of life for all within the ecological limits of the planet" (Green Economy Coalition, 2011).
- "Green economy" is described as an economy in which economic growth and environmental responsibility work together in a mutually reinforcing fashion while supporting progress on social development (International Chamber of Commerce, 2011).
- The Green economy is not a state but a process of transformation and a constant dynamic progression. The green economy does away with the systemic distortions and disfunctionalities of the current mainstream economy and results in human well-being and equitable access to opportunity for all people, while safeguarding environmental and economic integrity in order to remain within the planet's finite carrying capacity. The Economy cannot be Green without being Equitable (Danish 92 Group, 2012).

8.2 Annex 1: Ethiopia—integrating the green economy strategy into national planning and budgeting

Ethiopia's **Climate-Resilient Green Economy (CRGE) strategy 2011** is an ambitious high-priority government policy document set to achieve Ethiopia's goal of becoming a middle-income economy by 2025. It is underpinned by the realization that the country's vulnerability to climate change, especially to the agrarian economy, could thwart its development goal unless a 'climate resilient' green economy is created (FDRE, n.d.). The CRGE strategy has three core aims of fast economic growth, managed greenhouse gas emissions and climate change–resilient capacity-building. The CRGE strategy was initially promoted by the late Prime Minister Meles Zenawi, and is generally supported by top political leaders. It follows a sectoral approach and focuses on four pillars (FDRE, 2011): (i) the adoption of agricultural and land-use efficiency measures; (ii) increased greenhouse gas sequestration in the forestry sector, by protecting and re-establishing forests for their economic and ecosystem services; (iii) the development of renewable and clean power generation; and, (iv) the use of appropriate advanced technologies in the industry and transport sectors, and buildings. The CRGE has been developed in three main phases: a preparatory phase of strategy development; a piloting phase of further institutionalization and fast-tracking; and a full integration ('mainstreaming') and programme development phase.

Phase 1—preparation

The preparation phase involved the identification of a number of initiatives across various sectors, including agriculture and natural resources, energy, transport, industry and green urban development. The green economy initiatives were developed through an interministerial approach with leadership from the Prime Minister's Office to ensure high-level commitment and effective cross-sectoral alignment. The **steering committee** is composed of state ministers and senior officials from participating sectoral ministries directly responsible for the planning and implementation of the identified green economy initiatives. The ministerial steering committee was supported by a high-level **technical committee** chaired by the then Environmental Authority. The technical committee oversaw biweekly discussions on detailed sectoral plans produced by **technical working groups** (sub-technical committees) composed of more than 50 experts drawn from 20 leading government institutions (FDRE, 2011).

The technical working groups were responsible for the development plans in seven identified sectoral areas of focus (forestry, soil and livestock in agriculture, and energy, transport, industry, and green cities) considered highly relevant for sustainability in Ethiopia, with an initial focus on initiatives to reduce emissions. The approach involved: (i) the development of business-as-usual (with no abatement) growth projections in each sector up to 2030 based on the Growth and Transformation Plan targets and long-term objectives of achieving middle-income status; (ii) identification of a list of potential initiatives that contribute to growth targets as well as reductions in greenhouse gas emissions; and, (iii) the evaluation and prioritization of initiatives based on technical feasibility, abatement cost, financial implications and other implementation requirements. The CRGE strategy preparation process involved consultations with regional and sectoral stakeholders with the aim of ensuring accuracy and gaining support for the strategy (FDRE, 2011).

Phase 2—Piloting and fast-tracking

Two important steps followed the preparation of the green economy strategy to accelerate its implementation: (ii) the establishment of institutions and capacity development; and (ii) the fast-tracking of sectoral CRGE initiatives, which in

addition to contributing to growth were targeted at attracting global climate financing.

The institutionalization of the CRGE involved the creation of an authorized institution, transformation of the initial provisional organizational arrangement of working groups into more permanent settings by establishing CRGE focal or umbrella units in the relevant sectoral ministries, and the 2012 formation of the **CRGE Facility secretariat within the Ministry of Finance and Economic Development (MOFED)**. The CRGE Facility secretariat is the core focal point responsible for mobilizing financial resources and channelling international climate finances and domestic contributions to a multi-donor trust fund supporting the implementation of sectoral initiatives of the green growth strategy. The CRGE Facility secretariat is an important set-up for systematic mobilization of the multi-donor funding required for achievement of the planned, ambitious green economy targets, estimated to cost USD 150 million over a 20-year period. However, as part of MOFED, it appears to have no legal mandate for project planning and appraisal duties, which should be the responsibility of the National Planning Commission in the strict sense of fully integrating CRGE programmes into the routine cycles of the national planning and budgeting system. CRGE pilot project implementation in different sectors is financed by external funding support of USD 40 million committed by four bilateral donors (Australia, Denmark, Norway and the United Kingdom). The largest (60 percent) financial commitment to the fast-tracking programme comes from the UK, followed by Norway (26.5 percent) and Denmark (11.5 percent).

The previous Environmental Authority was elevated to a cabinet membership position through the reorganization and establishment of the Ministry of Environment and Forestry (MEF). The Ministry of Environment and Forestry is presently the main focal point for **technical coordination** of the green growth sectoral initiatives and achievement of the CRGE vision. The overall responsibility and top-level leadership lies with the **Environmental Council**. The Council is chaired by the Prime Minister, and is composed of relevant cabinet ministers, Chief Executives of Regional States, and civil society and private sector representatives. The **interministerial steering committee** is the next body responsible for overall guidance, policy coherence and cross-sectoral alignments in CRGE programming and implementation. It is composed of line ministries directly responsible for the implementation of CRGE initiatives. Below the interministerial steering committee is the **Management Committee**, composed of state ministers of the same line ministries. The Management Committee is jointly chaired by MEF and MOFED. It is mandated to make regular key decisions pertaining to fast-tracked CRGE pilot project implementation. The CRGE Facility in MOFED serves as the secretariat of the Management Committee. The Committee has also non-voting members representing multilateral and bilateral donors currently financing and technically supporting fast-tracking pilot CRGE schemes implemented in different sectors.

Another important institutional arrangement is the establishment of CRGE units in relevant line ministries to support CRGE coordination and programme implementation. Staffing and capacity-building efforts in these ministries and establishing replicas at the Regional State level have been pursued. However, in many cases these units, perhaps except in the Ministry of Agriculture, are not fully strengthened and are centred on focal persons in functional departments and *ad hoc* committees.

Resources are allocated to different sectoral initiatives based on pilot scheme proposals submitted by sectoral ministries, through their CRGE units, to the CRGE Facility secretariat. Proposed pilot projects normally pass through a technical and financial appraisal and are assessed based on a set of criteria that includes contribution to growth and transformation, relevance to mitigation and resilience, and value for money. The CRGE Facility has an advisory board, whose members are from academia, donors and NGOs, and which provides technical advice on project appraisal and implementation. The final decision on funding is given by the Management Committee.

Phase 3—Integration into the medium-term GTP II

An important mechanism for achieving integration and sustained implementation of the CRGE is the country's medium-term Growth and Transformation Plan (GTP). The launching of the CRGE strategy occurred within the implementation period of the Growth and Transformation Plan (GTP I). The second Growth and Transformation Plan (GTP II), which is presently being finalized, has become a test case for the integration of the green growth strategy into the national planning system. Sectoral ministries have been instructed to prepare and submit mainstreamed plan proposals with full consideration of planned CRGE initiatives in the next five years.

The fundamental premise of the second Growth and Transformation Plan (GTP II) of 2015/2016–2019/2020 is to realize broad-based development leading to a middle-income economy status by 2025. In addition to the CRGE initiatives and other national strategies and sectoral programmes, global commitments such as the SDGs are clearly stated as forming the basis of GTP II preparation. A major departure of the draft GTP II is the incorporation of the green growth strategy as a priority area. The commitment to build a climate-resilient green economy is included as one of the strategic pillars of the plan. This is to be based on enhanced interventions in the areas of natural resource development and management, building resilience capacity and adaptation to climate change, and mitigation of greenhouse gases. The following planned actions are specified in the draft GTP II:

- Incorporation of the green growth strategy into sectoral, regional and local plans, programmes and projects;
- Provision of close monitoring and evaluation support for the implementation of incorporated CRGE initiatives;
- Establishment of strong institutional capacity for planning and implementation;
- Integrated efforts though enhanced collaboration between the government and the private sector, and with external partners;
- Establishment and development of research and technology transfer institutions specifically directed to support green economy transition;
- Attention to the post-2015 development agenda and other global and regional development goals.
- The draft GTP broadly integrates *economic*, *social* and *environmental* concerns in all its *core* contents. The Table below indicates selected major economic, social and environmental targets of the draft plan.

Table: Selected major economic, social and environmental targets of the draft GTP II*

Target Variables	Unit	Baseline (2015)	Target (2020) or annual average
Economic & Social			
GDP growth rate	%	11.4	11.0
Agriculture	%	9.6	7.8
Industry	%	22.2	17.2
Manufacturing	%	19.2	24.1
Services	%	9.4	10.0
Gross investment ratio	%	36.3	41.3
Domestic saving ratio	%	19.5	29.6
Share of agriculture in GDP	%	41.1	35.6
Share of industry in GDP	%	15.6	22.8
Share of manufacturing in GDP	%	4.6	8.0
Share of services in GDP	%	43.4	40.4
Share of mining in GDP	%	1.7	2.3
Poverty rate (headcount)	**%**	**29.6 (2011)**	**16.7**
Primary school enrolment ratio	%	95.2	100.0
Health coverage	%	94.0	100.0
Infant mortality	Per 1000	46	19
Child mortality	Per 1000	68	30
Maternal mortality	Per 1000	420	199
Life expectancy	Years	64.6	69
Rural water supply coverage	%	59	85
Environmental			
Reduced GHG emissions	Million MT		147
Removal of hazardous waste	Ton		200
Total forest coverage	%	15.5	20.0
Share of forestry sector in GDP	%	4.0	8.0
Watershed development	Million Hectares	12.2	41.4

*Note: These are preliminary figures taken from the draft document for indication; they are subject to change in the process of finalization of the document.

8.3 Annex 2: Developing green growth indicators in Kyrgyzstan

A project to test 'green' growth indicators was launched in Kyrgyzstan in May 2012 and includes partners from the Ministry of Economy, National Statistics Committee, the UNDP-UNEP PEI and national experts. Kyrgyzstan is a pilot country for the Central Asian region. Green growth indicators were selected through a consultative process with stakeholders. The Working Group undertook a detailed analysis of how national and ministerial/agency statistics compared to the indicators recommended by the OECD. Based on this, national statistics compatible with the OECD-recommended indicators were selected, analogous indicators were created to address gaps, and new indicators pertinent to Kyrgyzstan were added.

Monitoring and evaluation is regulated by three key documents: (i) a Roadmap to monitor and evaluate Sustainable Development in the Kyrgyzstan; (ii) Guidelines on national indicators of green growth; and (iii) a matrix of national indicators of green growth. The Ministry of Economy is responsible for the monitoring and evaluation of the Matrix of Green Growth Indicators, while the National Statistics Committee oversees the collection, analysis, storage and distribution of the national indicators (47 indicators out of 65). Data collection is carried out on the annual basis in accordance with the approved programme (National Statistical Committee of the Kyrgyzstan, 2014).

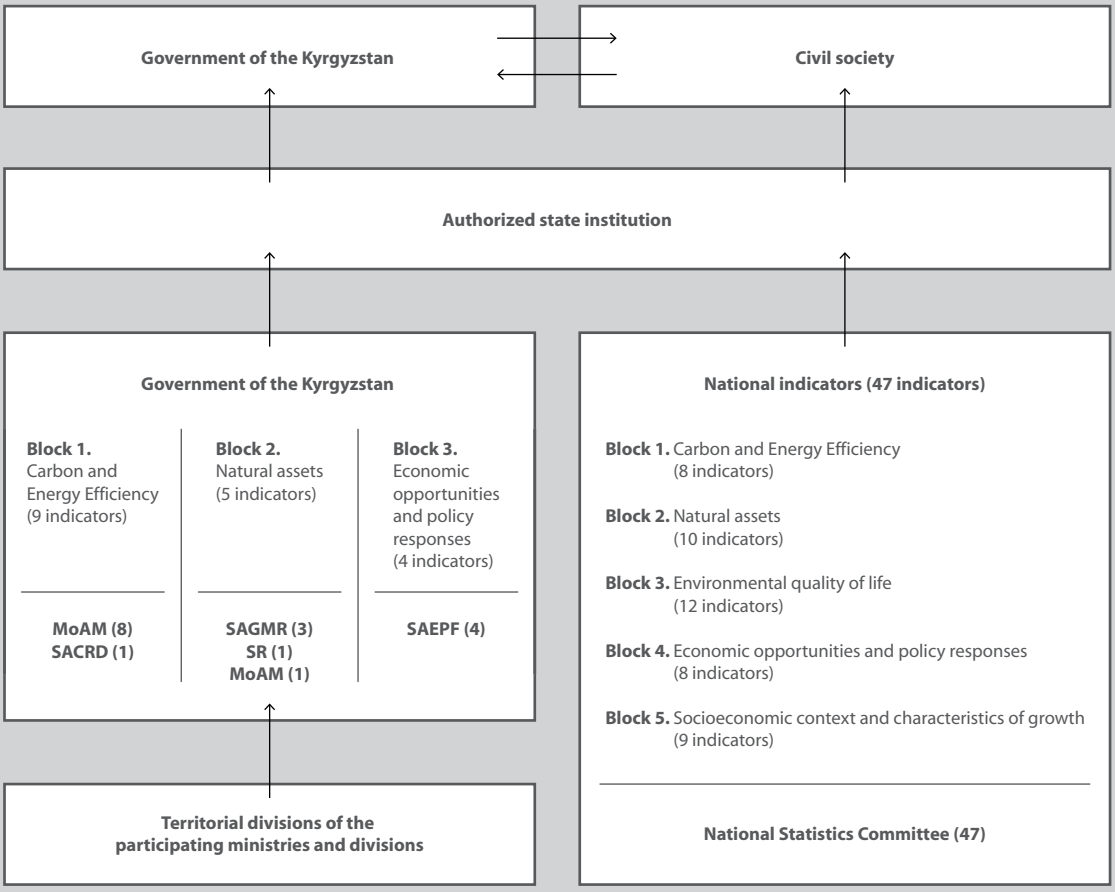
The **Roadmap** sets out the process whereby the annual monitoring of green growth indicators will be carried out. It comprises four high-level steps: (i) designated ministries and departments conduct data collection, processing and calculation; (ii) designated ministries and departments send an official letter with all the data related to their allocated indicators to the authorized state body for inclusion in the consolidated Table on the monitoring of indicators of green growth; (iii) the authorized state body includes the data received from the ministries and departments in the consolidated Table; and (iv) the authorized body publishes on its website the consolidated Table.

The **Guidelines to National Indicators of Green Growth** were developed by a group of national experts within the framework of UNDP-UNEP PEI Programme and in close collaboration with the National Statistics Committee, OECD and relevant state institutions. The indicators support the objectives of the National Strategy of Sustainable Development. The document presents a detailed description of each national indicator to ensure indicators are clearly understood, interpreted and applied.

The **Matrix of National Indicators of Green Growth** consists of 65 indicators designed to monitor and evaluate progress on sustainable development. The indicators seek to establish a resource-efficient economy; maintain natural resources; improve people's quality of life; and implement appropriate policy measures. The 65 indicators are grouped into five key blocks: (i) Carbon and Energy Efficiency (17 indicators); (ii) Natural assets (15 indicators); (iii) Environmental quality of life (12 indicators); (iv) Economic opportunities and policy responses (12 indicators); and (v) Socioeconomic context and characteristics of growth (9 indicators). Some of the indicators are cross-cutting and all are designed to address a number of objectives, including: identification of specific quantified policy goals; development of future strategies and forecast of the policy impact; management (monitoring of success, evaluation of progress and policy efficiency, planning and quality control); comparative evaluation; and public participation.

However, while Kyrgyzstan has been harmonizing its national statistical classifications of environmental expenditures with those of Eurostat and OECD, it is still far from producing assessments based on internationally agreed indicators. There is no consistency between similar environmental data series collected by different public authorities, not all emission sources report data, and the data that are reported often lack reliability.[32]
The main state institutions and other participating state bodies involved in the development of the indicators are presented in the Figure below.

Figure: Overview of system to monitor 'green' growth in the Kyrgyzstan



Source: Roadmap to monitoring and evaluation of Sustainable Development in the Kyrgyzstan.

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In September 2015, UN Member States approved the 2030 Development Agenda and a set of Sustainable Development Goals (SDGs). The SDGs holistically address the economic, social and environmental dimensions of sustainable development and are designed to be pursued in combination, rather than one at a time. Integrated development is therefore at the heart of the 2030 Development Agenda as reflected in the SDGs.

Inclusive Green Economy (IGE) approaches and those that address the Poverty-Environment Nexus (PEN) can play a central role in advancing the SDGs. This report seeks to further the understanding of the practicalities of embedding such integrated approaches across the planning cycle in countries at various stages of development. There is a growing country demand for such insights to inform SDG implementation.

This synthesis report identifies what countries are already doing to transition to integrated planning and implementation and analyzes what challenges they face and where support should be targeted to accelerate the 2030 sustainable development agenda and promote inclusive green growth. The report synthesizes a wide range of policy and programming experiences in the areas of inclusive green economy and the poverty-environment nexus, and draws on the findings of eight national scoping studies on integrated planning, commissioned as part of this study. The national scoping studies provide an up-to-date snapshot of where some countries stand on integrated planning, the key challenges they now face, and suggested actions to accelerate their transition to an IGE in support of SDG implementation. The scoping study countries are: Bangladesh, Ethiopia, Kenya, Kyrgyzstan, Peru, Rwanda, Tajikistan and Viet Nam.

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