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**A REVIEW OF MONITORING MECHANISMS FOR
NATIONAL SUSTAINABLE DEVELOPMENT STRATEGIES**

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SUMMARY

This desk-based review introduces the role and practice of national strategies for sustainable development (NSDSs), traces key steps in the evolution of strategy demand and thinking, and considers how monitoring can contribute to their basic strategic purposes. It explores the potentials and challenges of monitoring in relation to five key strategy elements: (a) the strategy process, (b) strategy content or products, (c) outcomes and (d) impacts. In addition, the key tasks of (e) disseminating and using monitoring information are discussed.

Section 2 provides brief reviews of a range of NSDS monitoring approaches: national peer reviews; internal reviews; external auditing; parliamentary reviews; budgetary reviews; indicator-based monitoring; public, local monitoring; and international monitoring (national progress reports, e.g. to the United Nations; and monitoring the EU SD Strategy).

Section 3 examines the rationale for poverty reduction strategies, which are the main focus for development cooperation in many developing countries. It summarises experiences of monitoring such processes, which provide good lessons for NSDS monitoring.

Section 4 draws on all of the above to offer a set of strategy monitoring requirements with some observations on good practice, and discusses common key monitoring challenges where further work may be warranted.

Section 5 provides some final concluding comments on the validity of a diverse range of strategy monitoring approaches, and the consequent limits to any method of comparing their effectiveness. For the main approaches discussed in the earlier sections, we venture some observations on their pros and cons. These should be seen as tentative and signalling the need for on-the-ground assessments of practical experiences in a range of countries.

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1 INTRODUCTION

Various international targets have been set for National Sustainable Development Strategies (NSDS). Agenda 21 (UNCED, 1992) first called for all countries to develop an NSDS. Five years later, the 1997 Special Session of the UN General Assembly set a target date of 2002 for formulation and elaboration of NSDSs by all countries. The Millennium Development Goals include a target to ‘integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources’ (UNGA 2001, Goal 7, target 9). The Plan of Implementation agreed at the World Summit on Sustainable Development recommitments governments to taking action on NSDSs, urging States to “*take immediate steps to make progress in the formulation and elaboration of national strategies for sustainable development and begin their implementation by 2005*”. Most recently, the renewed EU SD Strategy urges that Member States elaborating their first NSDSs “*should complete these by June 2007*” (CEC, 2006).

None of these international edicts provides operational recommendations on developing or implementing NSDSs, and only the latter includes a (brief) section on monitoring. However, work undertaken by the OECD, UNDP, UN and IIED (Box 1.1) has highlighted a large measure of consensus on the essential elements of a successful process. This consensus highlights the need for monitoring to enable learning about whether a strategy is on the right path and what successes it is achieving (OECD-DAC 2001, UNDESA 2002, Dalal-Clayton *et al.*, 2002).

Box 1.1: Comparative reviews and shared learning on NSDS

During the last 15 years, a number of overviews have compared approaches to national strategies and experiences of them (including monitoring and evaluation), either on a global basis or in particular regions or country groups. These studies have usually been based on solid engagement with practitioners through interviews and workshops and sometimes national learning processes.

The first review to establish the basic elements of good practice was a ‘Handbook for NSDS’ prepared by Carew-Reid *et al.* (1994) drawing from experiences shared by many countries, through national reports and regional workshops, during a project led by IUCN and IIED. This work laid the ground for most subsequent work. It was built upon by the OECD DAC in its work to produce policy guidance for NSDS (OECD DAC 2001) which established agreed principles for NSDSs, later echoed in UNDESA guidance developed following an international workshop (UNDESA 2002). The OECD work involved a series of eight national learning exercises (country dialogues) and several international ‘sharing’ workshops involving country teams and donors. The national experiences were gathered and compared in Dalal-Clayton *et al.* (2002) whilst the policy guidance was expanded with detailed analysis, lessons and a wealth of case materials in a sourcebook (Dalal-Clayton and Bass 2002). The sourcebook includes chapters dedicated to analysis and approaches to monitoring and evaluation.

Two more recent reviews of NSDS experience have re-emphasised the conclusions of earlier review concerning key principles and good practice. In a study commissioned by the German and Canadian governments, Swanson *et al.* (2004) review recent NSDS experiences in 19 developed and developing countries in relation to strategic management aspects of NSDSs including leadership, planning, implementation, monitoring and review, coordination, and participation, and set out a pragmatic toolbox for government sustainable development managers and policy-makers. The Network of European Environment and Sustainable Development Advisory Councils (EEAC) has published a review of the “state-of-the-art” of NSDS in Europe (Niestroy, 2005). This identifies the need to improve strategy monitoring and review. Another useful review is provided by Steur Martinuzzi (2004).

There have been numerous UN-organised and other workshops bringing together strategy

practitioners from different countries to share each other's experiences in applying different approaches and tools. Some are mentioned above. Other recent examples include a workshop hosted by UNDESA in October 2005 specifically on strategy monitoring approaches. The Hungarian federal government organised a workshop in April 2005 and invited officials from 12 countries to help inform a revamped NSDS process in Hungary. In 2005, GTZ also organised a similar facilitated workshop in Berlin for the five BRICS countries (Brazil, Russia, India, China and South Africa) with Germany to exchange strategy experiences. This has much in common with the peer review approach, although it is less focused and structured.

In some countries, periodic reports are prepared which review the state of progress towards sustainability, rather than the process and/or delivery of the SD strategy. However, these can provide good material on the changing context, some of which may be attributable to the strategy. A prominent example is the Sustainability Outlook, produced by the Netherlands Environmental Assessment Agency (so far, two reports, in 2004 and 2005). These are important sources of information for public debate on SD. The second report (RIVM 2005) covers:

- four different “world views” (scenarios) on structuring the sustainability issue, and a survey of Dutch opinions on these world views;
- sustainability indicators;
- future trends on mobility, energy and food supply; and
- key factors for sustainable development (technology, behaviour, population growth and governance).

Clearly, such state of play overviews provide valuable indications of the effectiveness of NSDS policies and actions, but it is unclear how they have actually been used as guides or incorporated into different monitoring approaches.

There is increasing demand from stakeholders who want to see NSDSs succeeding, or at least to understand what difference they are making. Since establishing an NSDS as a new or stand-alone strategic planning process would rarely be recommended, there is also demand to understand what difference similar initiatives – that could form NSDS building blocks – have made. Such initiatives include a range of approaches that aim at improving the integration of social and environmental objectives into key development processes. Thus the DAC policy guidance on NSDSs offers a definition of a strategy which could be filled by a variety of initiatives:

“A co-ordinated set of participatory and continuously improving processes of analysis, debate, capacity-strengthening, planning and investment, which seeks to integrate the short and long term economic, social and environmental objectives of society - through mutually supportive approaches wherever possible - and manages trade offs where this is not possible”

(OECD DAC 2001)

In the run up to WSSD in 2002, most EU Member States developed or revised NSDSs, and additional strategies or similar initiatives have been developed since then. Many other countries around the world have also made progress with developing and implementing such strategies. For many developing countries, the focus has shifted to preparing poverty reduction strategies (PRS), with donor support. But as many PRSs are undergoing revision, and environmental and intergenerational dimensions are increasingly being addressed, they are seen as providing a platform for evolution to effective NSDSs (although equivalence to an NSDS has not yet been addressed for any PRS). For this reason, in section 3, we examine in some detail the rationale for PRS and experience of monitoring PRS processes.

NSDSs have multiple objectives and strategy activities will change over time, and so will social, economic and environmental conditions. Given circumstances of continuing change, it is now clear that effective NSDSs require systematic and iterative processes. This puts monitoring, evaluation, and learning and adaptation processes at the heart of the NSDS idea. Strategy monitoring is therefore central to five basic strategic purposes:

1. Systematically *tracking changes* that support or hinder sustainable development.
2. Supporting common *learning*.
3. Providing strategy steering and *adaptation*.
4. Enabling *accountability* of strategy stakeholders.
5. Building *confidence* that effective change is possible.

To serve these purposes, monitoring is required in relation to key strategy elements: (a) the strategy process, (b) strategy content or products, (c) outcomes and (d) impacts. But monitoring everything is impossible and therefore it must be selective. In section 4, we explore the different monitoring challenges in relation to these elements, suggest some criteria for evaluating the utility and effectiveness of NSDS monitoring mechanisms (Box 4.1), and discuss a number of useful reference frameworks against which strategies can be monitored.

In addition, (e) monitoring information is of little use unless it is disseminated and acted upon, and therefore we discuss these requirements as well. We also make some observations on best practice, and key monitoring challenges where further work may be warranted. These observations are drawn from an assessment of selected examples of the main approaches to strategy monitoring, described in the following sections. In practice, these approaches tend to focus on one or more of the strategy elements a to e, but rarely all of them.

2 APPROACHES TO NSDS MONITORING

In this section, we discuss the more prominent approaches to strategy monitoring and illustrate these with case examples.

2.1 National peer reviews

Peer review presents a powerful approach to monitoring that is increasingly being employed. It involves inviting other countries (peers) to review NSDS progress. For example, the African Peer Review Mechanism was launched by the African Union in 2003 as a voluntary self-monitoring approach – now being undertaken by 22 countries. A good example of the application of peer review to NSDSs was undertaken in 2004-05 by the French Government. This set out to develop and test a simple, relatively quick, replicable, voluntary, non-judgemental, and cost-effective methodology for peer review of NSDSs, using the French NSDS (*Stratégie Nationale de Développement Durable*, 2003) as a pilot case.

The French process involved several steps:

- a technical meeting to develop a methodology for testing;
- interviews and preparation of a background report;
- a workshop involving representatives from peer countries;
- preparation of a final report and proposal for an improved methodology.

The workshop was attended by peers - two representatives (one from government, one from civil society) from each of four peer countries (Ghana, Mauritius, Belgium and UK). Other participants included representatives from UN DESA, the EC, the International Organisation

of Francophonie, and 35 individuals from government departments/agencies and civil society in France, the latter organised by the French National Council for Sustainable Development.

The workshop involved French participants providing answers and commentary related to a set of key questions and the peer countries sharing their own experiences. The questions were set by the peers, based on a Background Report prepared independently by the International Institute for Environment and Development (IIED) based on analysis of a questionnaire and structured interviews with key actors. The questions were grouped under four strategy elements: process, content, outcomes, and monitoring and indicators. The peers then agreed 44 recommendations structured in the same way and group under 'headline' recommendations (Box 2.1).

Box 2.1: Examples of headline recommendations made by peer review of French NSDS

- Empower public servants both at senior and operational levels to champion the integration of sustainable development into their activities.
- Clarify the role of the National Council for Sustainable Development, and the relationship between and respective roles of the Council and the Government.
- Ensure that the NSDS is fully institutionalised so that the progress of sustainable development in France is not vulnerable to political change.
- Adopt a more participatory process next time, adopting a dialogue model rather than consultation.
- The external dimension of the domestic sustainable development strategy should be taken into account, including footprint issues/cross border aspects, etc.
- A cross cutting approach should be used to ensure that the NSDS clearly integrates the three pillars of sustainable development. In particular, it should better integrate social issues throughout and reflect agreed EU priorities (e.g. ageing, poverty, health) and provide for an interface between social and environmental needs.
- Ensure consistent and coherent implementation at the national level; and among national, regional and local authorities.
- The next, revised strategy should facilitate implementation through establishing policy instruments to meet international goals for changing unsustainable consumption and production patterns, eg, through product standards, economic (tax reforms) and social sensitisation.
- Ensure effective monitoring of the progress of sustainable development which addresses the main global challenges and risks, by sharing information with stakeholders and encouraging cooperation in achieving NSDS objectives.

Participants also offered suggestions on how the peer review/shared learning methodology could be improved in the future and these have been incorporated in an updated methodology paper (available at www.nssd.net). This proposed approach (Box 2.2) allows a country to tailor the peer review to suite its own needs and circumstances. For example, the purpose of a review exercise might well be different in a country which is developing its first ever strategy compared to one in the process of revising its third or fourth strategy. And a country might wish to structure the methodology according to where it is in the strategy development and implementation cycle. The selected options might also depend on funding and time available.

Box 2.2: Steps in Peer Review as proposed following the French test case ¹

Step 1: Decision to undertake a peer review process

- Define the benefits of the process (particularly to convince politicians).
- Define the objectives, the needs and expectations of the focus country.
- Define the means (available/required finance, expertise and time).

Step 2: Defining and applying the methodology

Preparatory phase

- Produce draft background papers (government and body/mechanism to gather views of civil society).
- Initial meeting with invited partner countries – to agree scope, options and participants.
- Further information gathering (possibly by a neutral consultant).
- Completion of final consolidated background report.

Peer review workshop (4-5 days) – involving participants from:

- 2-4 invited partner countries (a mix of developed and developing countries). From each country: one participant from government, one from outside government.
- The focus country (key strategy actors from government and civil society and other stakeholders). These should include actors who were/are involved in managing or coordinating strategy development, inputting to the strategy or in its implementation and monitoring. Plus other representatives who can provide a balancing perspective on awareness, impacts and outcomes of the strategy.

Facilitated discussion sessions (with pairs of peer partners acting as chairs/rapporteurs) to address key questions (set by peers) organised on main NSDS elements/themes:

- The NSDS process.
- Strategy content.
- Outcomes.
- Monitoring (including indicators).
- Key successes and challenges.

Step 3: Preparing a report on the outcomes and recommendations

Step 4: Deciding how to use the outcome report, e.g.

- To benefit and improve the NSDS of the focus country.
- To influence change – in the focus country, in partner countries, and internationally.

Source: Dalal-Clayton (2005)

There are two key stages:

- A **preparatory phase** to prepare a concise background report (20-30 pages) describing the administrative structures and decision-making in the country and the actual process of developing the NSDS and harnessing views on key issues and challenges;

¹ In parallel with the French peer review process, the *European Commission* (DG Environment) has launched a voluntary mechanism to support mutual improvement and learning (i.e. peer review) to improve NSDS processes. An NSDS review guidebook has been developed, providing a step-by-step framework to structure and facilitate the exchange of experience and sharing of good practice (IIEP/SERI, 2005). The framework is participatory and draws heavily on the basic approach tested during the French peer review process.

- A *peer review workshop*: involving participants from other countries, as well as the key people involved in developing and implementing the strategy being reviewed and representatives of stakeholders.

The workshop involves sharing of experience amongst the participating countries on a set of questions posed (by the peers), and discussion/debate to help the focus country come to conclusions (for itself) about the adequacy and performance of its NSDS. The main aim is to reach consensus on recommendations.

A peer review can be undertaken to meet different national needs which will influence the way in which countries will prefer to orient the process. Some will probably prefer a light, non-judgmental approach – based more on learning through sharing experience with peer countries. Others might have a preference for a stronger approach – so as to be challenged by judgements on performance. Others will need something in-between. Various optional ‘tools’ are available to aid discussion and debate and for recording conclusions, for example: traffic lights system (as used in the UK to assess progress on major government targets, and the likelihood of successful delivery of major projects and programmes; and in Sweden for systematic review), and placement on ‘spectrums of change’ – to map state of play on particular issues or questions. But the key outcomes should be agreed recommendations and a record of discussion as text.

The peer review approach has common benefits for the involved countries and generic value for the international community. It can be used (and developed further) by other countries through similar exercises, and can help countries as they seek to meet the UN target on NSDS set out in the WSSD Plan of Implementation.

2.2 Internal reviews

Internal reviews of NSDS are frequently undertaken by governments to assess progress towards delivering strategy commitments or in achieving set targets (against strategy indicators). It is usually undertaken entirely by government officials, with little or no external (beyond government) inputs and delivered in a published report.

A good example of such reviews are the annual reports prepared by the UK government reporting progress towards sustainable development. These reports were instituted as part of the implementation package for the 1999 UK Sustainable Development Strategy “A Better Quality of Life”. Annual reports were produced in 2001, 2002, 2003 and 2004 (there was no report in 2005 when a new NSDS was launched). The annual reports were produced by the Sustainable Development Unit in the Department for Environment, Food and Rural Affairs (DEFRA). The process involved the use of questionnaires (sent to all government departments and agencies) and data collection, followed by assembling the information into the report. Information on progress against indicators was gathered from a range of sources and published in a separate report. For the 2003 annual report (published 2004), the process took about five months. It involved 6 full-time policy officials and two part-time communication/information officers, as well as requested contributions from government departments across policy areas. The steps are listed in Box 2.3.

The last annual report (DEFRA 2004) discusses key developments during 2003 as well as providing a stock-take and review of government action and progress since publication of the 1999 strategy. It reports on:

- actions taken at international, European, national and devolved administration levels, to mainstream sustainable development into the policy-making process and day-to-day

operational activities;

- progress against impact indicators²; towards achieving a sustainable economy; on sustainable communities; on managing the environment and resources; and on international cooperation and development.

Box 2.3: Procedural steps in producing the 2003 Annual Report on the 1999 UK Sustainable Development Strategy

1. Discussion of options for the general structure of the Annual Report - brainstorm between Sustainable Development Unit and statisticians over possible themes and general presentation issues.
2. Seek comments and agreement on proposals from Ministers.
3. Meeting of Steering Group (key members of the drafting team, communications staff, Head of Sustainable Development Unit, and key statisticians) to agree goals, timescales, roles and responsibilities.
4. Commissioned contributions from lead policy officials – from DEFRA policy areas, other government departments and the devolved administrations of Wales, Scotland and Northern Ireland. Guidance was provided setting out the expected contributions:
 - a. key actions taken by Government since 1999, and any WSSD context;
 - b. what this achieved – focusing on outcomes in the real world (eg more jobs, better housing, increased biodiversity);
 - c. outcomes supported by reference to the core indicators throughout the Strategy as well as the headline indicators;
 - d. imminent action(s);
 - e. internet links for further information/documents;
 - f. where significant action was still to happen later in 2003.
5. Letter to stakeholders concerning case studies to be included in the report.
6. Comment and agreement by Steering Group on draft report.
7. Submission of draft report to Ministers for comments and formal approval across Government.
8. Publication of report (on-line and hard copy), announced by a Ministerial statement in parliament.

Source: Pers.comm.. Paul Rainey, DEFRA, UK.

The report uses a ‘Quality of Life Barometer’, with “traffic lights” showing progress on 15 headline indicators:

- Green: significant change, in direction of meeting the objective;
- Amber: no significant change;
- Red: significant change, in direction away from meeting the objective;

² Outcomes for 15 *headline indicators* are discussed in the review report – covering economic output, investment, employment, poverty & social exclusion, education, health, housing conditions, crime, climate change, air quality, road traffic, river water quality, wildlife, land use, and waste, and providing a broad overview of progress. Updates on an additional 132 *core indicators* were made available on the UK’s sustainable development website: www.sustainable-development.gov.uk.

- White: insufficient or no comparable data.

Where a trend was unacceptable, the government committed to adjust its policies, and look to others to join it in taking action.

The UK Sustainable Development Commission (SDC) commissioned consultants to help it undertake an *independent assessment* of the UK Government's progress on sustainable development in the period 1999-2004. This also used a "traffic lights" system:

- Green (with smiling face): indicates progress in a sustainable direction;
- Red (with sad face): indicates an unsustainable trend;
- Amber (with straight face): indicates a more neutral assessment

In its third NSDS (TSO, 2005), the UK government made several commitments to strengthening strategy monitoring, including 'externalising' responsibility for reporting on progress and handing this role to the UK's Sustainable Development Commission (Box 2.4).

Box 2.4: Commitments on Monitoring in the 2005 UK NSDS

- All central government departments and their executive agencies will produce focused sustainable development action plans based on the strategy by December 2005 and will report on their actions by December 2006 (eg in departmental annual reports) and regularly thereafter.
- The government will monitor policy commitments and the indicator set in each of the strategy chapters.
- Government offices will report on progress at regional and sub-regional levels.
- The government will monitor and report annually on progress against the UK Framework Indicators, providing a basis for its submission to the CSD.
- The Sustainable Development Commission (SDC) will change its role from "critical friend" to act as a "watchdog" for sustainable development, reporting on progress in implementing the UK NSDS, focusing in depth on particular issues. The SDC will work with the House of Commons' Environmental Audit Committee and the National Audit Office

In 2002, the government initiated a systematic framework to internally monitor its progress towards sustainable development on the *Government Estate* (the buildings and land it owns and manages)³. This includes common, challenging targets (mainly environmentally focused) across Government in key operational areas such as energy and waste against which Departments report annually, identifying all their significant sustainable development impacts so that they can allocate resources accordingly (see: www.sustainable-development.gov.uk/government/estates/index.htm). This is consolidated in the annual Sustainable Development in Government (SDiG) report.

In a commentary on the 2005 SDiG report, the UK Sustainable Development Commission (SDC) uses a "traffic light" assessment of progress against the Framework targets, and a star-rating system which ranks each Department according to the number of Framework targets they have met (as a proportion of those that were due and appropriate to them)⁴ (SDC 2005).

³ In 2005, this the UK Government Estate exceeded 0.25 million ha, employing over 695,000 people. Buildings include law courts, laboratories, prisons, aircraft hangers and Royal Parks.

⁴ The ranking system does not account for "almost met" targets, extenuating circumstances, or improving progress. But it is complemented by an "extra steps" assessment indicating which Departments have worked to meet some of the Framework targets ahead of time and have demonstrated good practice on the overarching commitments.

The SDC is preparing a set of on-line resources, including a searchable database and departmental case studies, to accompany the report.

2.3 External auditing

External audits are undertaken by bodies which have no direct responsibility for either developing or implementing the strategy. Such auditing can be undertaken by bodies (organisations, consultants) either from within the country or from other countries.

A good example of the former is *Canada*, where external audits of Departmental SD strategies (there is no national-level or federal SD strategy) are carried out, as a statutory requirement, by the Commissioner of the Environment and Sustainable Development (CESD), located within the Office of the Auditor General (OAG). The CESD is mandated to provide parliamentarians with objective, independent analysis and recommendations on the federal government's efforts to protect the environment and foster sustainable development. The CESD submits an annual report on audit findings and associated recommendations to parliament each autumn.

Most major federal departments and agencies are required to prepare SD strategies and update them every three years. In 2003, the CESD produced a document outlining its expectations for the third round of sustainable development strategies to be tabled in Parliament in December 2003 (see Box 2.5 for summary of expectations). Its purpose was to help the sustainable development strategies become effective strategic planning documents that make a real difference to Canadians.

Box 2.5: The Canadian CESD expectations for departmental sustainable development strategies

- Departments and agencies would clearly indicate the role played by their sustainable development strategy and how the strategy fits with other plans and strategies within the organization.
- The sustainable development strategies would contain a smaller number of significant and essential goals and objectives. These goals and objectives would be written in plain language and clearly express the long-term results that departments and agencies are trying to achieve.
- Targets and actions would be clearly linked to the goals and objectives.
- Targets would be clear, understandable, and measurable.
- Performance reporting would be strengthened.
- Departments and agencies would evaluate their 2001 (second) strategies and highlight the changes between their 2001 and 2003 strategies.
- Goals and objectives related to horizontal issues would be more consistent and better managed across strategies.

Source: <http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c200303sds.html>

Twenty-five designated organizations tabled their most recent (third) set of strategies in Parliament in February 2004. For the upcoming fourth round, 31 departments and agencies are required to table strategies.

As one aspect of its auditing work, feeding into the preparation of the Commissioner's annual report to Parliament, the CESD is involved in on-going monitoring of the extent of progress by departments on selected specific commitments made in their strategies. This work is coordinated by a small team at the CESD (three people working an average of about half-time

each over the year). This team examines all the tabled departmental strategies to develop a short-list of candidate commitments for auditing. The criteria for short-listing (below) reflect the OAG's approach to identifying issues of potential significance, as well as considerations specific to the commitments monitoring initiative:

- *significance* to parliamentarians and Canadians;
- *ability to be audited* with assigned resources (an average of 150 hours per commitment);
- *timeliness* (the commitment is not set against a distant time target which would make it too soon to audit);
- *potential to yield information* of value for other planned audit work;
- *relationship to strategic priorities* in the department or at the federal level more broadly;
- *thematic coherence*, i.e. related to a common theme such as climate change.

The CESD team then engages the other teams within the OAG who are responsible for auditing the departments and agencies. Together with each of these OAG "entity teams", the specific commitment(s) to be audited that year is selected, and a detailed questionnaire is developed, tailored to the commitment. Some example of audited commitments (they vary hugely in nature and scope) include (a database of these can be accessed at: www.oag-bvg.gc.ca/domino/cesd_cedd.nsf/html/sds_comm_e.html):

- Cooperation with First Nations communities (Department of Indian and Northern Affairs);
- Maintain and update the federal contaminated sites inventory (Treasury Board of Canada, Secretariat);
- Enhance the capacity of Canadians, industries, and firms to develop and use eco-efficiency practices, tools and technologies, and products that contribute to increased productivity and environmental performance (Industry Canada);
- By April 2004, increase the number of green products and suppliers available in the e-purchasing and cataloguing application (Public Works and Government Services Canada).

The questions cover issues such as: the planning undertaken to support implementation of the commitment; the action taken on it; how monitoring and assessment has been carried out; outcomes achieved; factors that have assisted or limited progress; whether and how progress has been reported to Parliament and/or other stakeholders.

The departments being audited receive an overview of the scope and plan for the audit, and the questionnaire. They must provide a response to the questionnaire, along with supporting documents. The OAG entity team then assesses the department's response and the evidence provided and, if necessary, conducts additional audit work (e.g., through on-site file reviews). Progress is assessed taking into account the complexity of the commitment and the time elapsed. A 'clearance process' with the department follows to check for factual accuracy and fairness in the report.

Beyond the ongoing monitoring of progress on specific commitments, the CESD has also undertaken many broad-based studies and audits on the SD strategies. One issue that has been audited relates to government-wide direction-setting for the strategies. The Commissioner has frequently noted that to bring coherence and coordination to the federal government's "decentralized approach" of individual departmental strategies, government-wide direction is needed. In a related vein, the Commissioner has been critical of the government's failure to meet its numerous promises to deliver a federal sustainable development strategy.

Other topics covered through the CESD's audit work and studies can generally be grouped into three categories:

- *quality of the strategies* themselves (the documents) - form and structure, overall strategic quality, 'meaningfulness' of commitments;

- *foundations for implementation of the strategies* – management systems put in place, accountability, performance measurement, horizontal management (coordination with other departments);
- *performance measurement and reporting* - measurability of targets, links between objectives, targets, activities and performance measures, quality and level of detail in self-reporting.

The CESD has also published two documents for SDS-responsible departments and agencies, providing *guidance* and *indicating expectations for the SDSs* (OAG, 1999, 2003).

Finally, in addition to work related to the SDSs themselves, the CESD undertakes issue-based environmental audits. These provide policy-neutral, fact-based information, and may comment on policy implementation within the scope of an audit, but not on policy itself. In the CESD's most recent (2005) report to Parliament, the audit chapters detail urgent examples of unfinished environmental business in areas such as Canada's deteriorating oceans, the protection of biodiversity, and the safety of drinking water in First Nations communities, as well as in other areas of federal responsibility. The audit chapters in the CESD's annual reports are prefaced by a chapter titled "The Commissioner's Perspective", which allows for a more personal, comprehensive reflection on the findings of the audit work.

Another example of a 'within-country' oversight body is the Federal Planning Bureau Task Force in **Belgium** which periodically reports on the quality of the federal government's sustainable development policies and programmes.

In the **UK**, the Sustainable Development Commission (SDC) has changed its role from just a "critical friend"(offering advice and advocacy) to also become an independent "watchdog", reporting on progress in implementing the strategy and its commitments, focusing on particular issues in depth (see section 2.2). It is proposed that each of the UK devolved administrations (Wales and Scotland) will confirm specific working practices with the SDC through memoranda of understanding and will develop frameworks for assessing progress. Box 2.6 lists the SDC's tasks

Box 2.6: "Watchdog" tasks of the UK Sustainable Development Commission

- Monitoring the effectiveness of the Accountability Framework (the combined scrutiny activity of all organisation involved in SD assessment/monitoring).
- Monitoring SD policy-making and proofing (risk impact assessments, public service agreements, spending reviews, budget and pre-budget reports, etc.).
- Departmental scrutiny (SD action plans).
- Thematic in-depth reviews.
- On-going, cross-governmental performance appraisal (indicators, Framework for SD on the Government Estate, sustainable procurement, etc.).
- State of the nation progress reports.

The International Organisation of Supreme Audit Institutions (INTOSAI) works to develop and disseminate audit methodologies and guidelines and provide training. INTOSAI's Working Group on Environmental Auditing (WGEA) assists national-level audit institutions (which have an ongoing mandate to help keep their governments' accountable) in understanding issues related to environmental auditing. It is currently exploring experience of SAIs in auditing the implementation of WSSD commitments (see: www.intosai.org).

Whilst the Canadian body that audits federal departmental SD strategies is independent of the government and thus external to the strategies' 'owners', it is an agent of Parliament. In other situations, the external audit is carried out by organisations from other countries. For example, in May 2005, the *Austrian* Federal Ministry of Agriculture, Forestry, Environment and Water Management (BMLFUW) appointed an interdisciplinary group of independent experts from Germany and Austria to evaluate the implementation and impact of the Austrian NSDS (adopted in April 2002). This focused on institutions established for implementation, and tools and implementation activities, but not the strategy itself and the policy goals it defines. The requirement to undertake such an assessment was set out in the strategy with the aim to improve the strategy's impacts and institutional effectiveness. Four evaluation criteria were used: efficiency, effectiveness, transparency and appropriateness. The experts were guided by a Steering Committee and an expert group within the BMLFUW.

The evaluation was structured as a participatory process to gather an 'internal' perspective through workshops with representatives from selected implementation measures, and experts from the provincial (*Länder*) governments involved, and LA21 processes.

Various methods were used, eg:

- document analysis (eg work programmes, progress reports, indicator reports) and standardised questionnaires addressed to project managers of the more than 200 activities under the Sustainable Development Strategy (to evaluate institutions and tools);
- Questionnaires sent to the officers in charge of strategy implementation projects;
- More than 30 on-site interviews with members of different ministries involved in the implementation process;
- deeper analysis (through a second survey and workshop with project managers) on specific strategy mechanisms and instruments⁵ ;
- Comparisons with institutional arrangements and innovations in other OECD member states served as benchmarks for the evaluation of the strategy process.

The Steering Group has discussed the final evaluation report which includes a series of recommendations to improve the management and further implementation of the sustainable development strategy. It was submitted to BMLFUW and members of the Committee for the Sustainable Development Strategy (the main body overseeing the strategy process) in December 2005. The recommendations will be further discussed in 2006 with the various institutions to assist in strengthening the strategy process.

The Austrian Court of Auditors has also started to examine the implementation of the Strategy by the Ministries, looking especially at budget allocations.

2.4 Parliamentary reviews

Most parliaments operate standing committees for assessing the performance of government departments, and several now have such committees focused on environment and/or sustainable development. Two examples are reviewed where such committees have monitored NSDSs:

In *Germany*, a Parliamentary Advisory Council on SD was appointed on 30 January 2004 by the German *Bundestag*. One of the tasks it assumed was to "coordinate the sustainability

⁵ Mechanisms and instruments included: Steering Process Committee, Inter-ministerial Committee for a Sustainable Austria, Advisory Forum for a Sustainable Austria, working groups on planning and implementing key measures, interfaces with decentralised sustainability strategies and Local Agenda (LA) 21 processes, support measures data base, the working programme, progress report, indicator report, monitoring mechanisms and internet platform.

debate ... and monitor the development and the substantive and procedural implementation of the National Sustainability Strategy as well as setting its own priorities” (Bundestag printed paper 15/2441). The Council met approximately twice per month. It commented on the Federal Government’s 2004 progress report on the SD strategy ⁶ as part of a broader consultation process, but it has not monitored the strategy as such.

The Parliamentary Advisory Council had the power to initiate plenary debates in parliament. Two were held on the progress report. It has issued opinions on the SD strategy and made some recommendations to government but has no direct power to force change. There were significantly different opinions amongst Council members on the strategy and the review of the progress report took much longer than anticipated. Throughout the Council’s Opinion report (German PAC, 2004) (Box 2.7), the “dissenting opinions” of different members are recorded.

Box 2.7: Opinion of the German Parliamentary Advisory Council on the 2004 Progress Report on the 2002 German SD Strategy

The 25 page Opinion is a cross-party narrative report that discusses the societal, political, parliamentary and international challenges of sustainable development. It calls for bolder and more decisive action to implement the strategy and achieve the defined objectives. It identifies areas of the progress report that it supports and offers some criticisms, proposing that more consideration should be given to certain issues:

- education for SD;
- research and innovation;
- prevention (of health and other social problems);
- demography and infrastructure;
- consumer policy and lifestyles; and
- international coordination.

Source: German PAC (2004).

When the Council turned to other issues, it had only about six months before elections were announced in May 2005, and its work effectively came to end. The coalition treaty between the main political parties (Social Democrats and Christian Democrats – which form the current government) included a stated intention to reconstitute the Advisory Council for the new parliamentary period. A new Parliamentary Council on SD was re-constituted on 2 June 2006, with 20 full members (compared to eight in the last legislative period), providing more potential for debate and negotiation.

It seems the Council had some success in raising awareness of SD and influencing the SD agenda, especially within parliament and urging the government to provide finances to the implement strategy commitments. It provides a basis on which to build. In a review of SD strategies in selected EU member states, Niestroy (2005) comments that:

“The establishment of a new Committee [Advisory Council] for SD in Parliament as an overarching mechanism seems useful in principle. It remains to be seen how well it [the Commission] will manage to increase the cross-sectoral dimension of the standing committees and raise awareness of the issue among MPs, and whether it will become a driving-force and possibly improve the long-term perspective.”

⁶ “*Perspectives for Germany: Our Strategy for Sustainable Development*”, approved by Cabinet in April 2002.

In the *Netherlands*, the 2003 Sustainable Development Action Programme⁷ (SDAP) commits the government to send Parliament an annual report on progress in which:

“the government will discuss the specific results that have been achieved and the steps that have been taken so far with regard to all the measures and other commitments contained in the Action Programme. It will focus especially on the lessons learned, on what is possible and impossible, and on considering as many aspects of the evaluation framework as possible in the preparation and implementation of policy. It will also indicate whether new indicators are needed in response to new developments”.

(VROM / Ministry of Foreign Affairs, 2003).

Parliament discussed a first progress report with the ministers most concerned in April 2004 (only eight months after its adoption by government). The procedure allows MPs to ask questions which are answered in speeches by relevant ministers. Follow up questions can then be asked. All information on this debate is public and available on the Internet, but the discussions do not result in changes to the annual report.

The first report only covered the international component (prepared by the Ministry of Foreign Affairs) and parliament requested the next report to integrate coverage of the national and international components. The Ministry of Housing, Spatial Planning & the Environment (VROM) and the Ministry of Foreign Affairs each worked through inter-ministerial groups to prepare their report which were then ‘combined’ by VROM to produce the second annual progress report on the SDAP (for the year 2004). This focused mainly on SD processes since WSSD, indicating obstacles encountered and where progress had been slow. The Prime Minister, Minister for Development Cooperation and Minister of Environment then led a plenary parliamentary debate on sustainable development in September 2005. During this debate, the Prime Minister announced that the ministerial “Council for Spatial Planning and the Environment” will become a “Council for Spatial Planning, Sustainability and the Environment”. This will meet twice a year to discuss special issues related to SD. This is seen as a better mechanism to link the SD debate with policy at national and international levels.

Such parliamentary debate provides a way to observe the strategy process (actions and initiatives) but doesn’t provide any real “measures” of progress in terms of outcomes and impacts. The report to parliament discusses progress against indicators set separately for the economic, social and economic dimensions. It is hard to provide integrated indicators of SD per se.

The preparation of the most recent report (covering 2005) was again prepared through processes involving the inter-ministerial groups of VROM and the Ministry of Foreign Affairs. This time, the Ministry of Foreign Affairs took the lead in ‘combining’ the national and international components (the two ministries alternate in leading the final process). Within the Ministry of Foreign Affairs, the work was headed by the Special Ambassador for SD. Different ministries provided information and a series of meetings was organised between September and December with line ministries and NGOs. The report was able to draw from a national debate on progress held on 29 November 2005 between ministers and representatives from invited organisations. The draft report was reviewed by ministers who suggested additional information to be added be discussed. This second report was submitted to parliament on 22 December 2005 (Box 2.8).

⁷ The SD Action Programme is an overview compiling existing policies (and those to come) rather than providing an overarching SD strategy with a vision, objectives, targets and measures. It has two parts: an international module for the implementation of WSSD outcomes drawn up by the Ministry of Foreign Affairs (known as the “international strategy”), submitted to Cabinet in January 2003; and a national module (known as the “national strategy”) adopted in July 2003. These are consolidated in the final Action Programme (VROM/Ministry of Foreign Affairs, August 2003).

Box 2.8: 2005 Progress Report of The Netherlands' Sustainable Development Action Programme

The report provides a summary of progress on sustainable development, covering

- the relationship between the Netherlands' national and international efforts to bring about a more sustainable society in the country and elsewhere;
- some of the highlights relating to SD in 2005 (eg UN Millennium Ecosystem Assessment; UN MDG Summit; parliamentary and public debates; corporate social responsibility);
- a more detailed account of some of the activities in Sustainable Action, to illustrate the Netherlands' efforts (e.g. partnerships; WEHAB themes (water, energy, health, agriculture and biodiversity); institutions; security and stability; trade and investment; sustainable production and consumption; SD at the ministries; internal policy processes; sustainable government and public procurement);
- looks ahead to the main activities that the government wants to implement in 2006 – including the EU SD strategy and CSD meetings;
- appendices provide a brief summary of all the other activities, proposals and projects described in Sustainable Action.

Parliament is currently much concerned with security and other matters and it is not expected that it will focus on the sustainable development report again until later in 2006.

Similar to Canada's Commissioner for the Environment and Sustainable Development (section 2.3), *New Zealand* has appointed a Parliamentary Commissioner for the Environment, but with a more limited role, mainly focused on auditing the Environment Ministry.

2.5 Budgetary reviews

In a number of countries, line departments are required to account for their work towards sustainable development in negotiating their annual budgetary allocations. For example, in the *Netherlands*, the 2003 Sustainable Development Action Programme requires that:

“each ministry must include a section in its budget reflecting the links between sustainable development and its own policy areas. The aim of this exercise is to increase awareness within the ministries of the need to give attention to sustainable development. The instrument will be evaluated in 2004. The Ministry of Housing, Spatial Planning and the Environment [VROM] is coordinating in this instrument”.

In 2004, a number of ministries added such a section (usually a paragraph) with some details to their budgets⁸: Foreign affairs; Justice; Education, Housing, Spatial Planning and the Environment; Transport, Public Works and Water Management; and Agriculture. The ministries of Social Affairs and Public Health included only general statements. The

⁸ Budgets are prepared to a standard format (although this does not cover the SD section): peace; human rights and security; European policy cooperation; economic development and poverty reduction; social policies; environment and water, etc.

ministries of General Affairs, Defence, Internal Affairs and Finance did not add anything on SD.

The Ministry of Foreign Affairs' approach was to include additional text in relevant budget articles. For example, the text on article 2 included discussion of efforts to improve "eco-security", based on the Millennium Ecosystem Assessment target on the loss of ecosystems. The overall 2004 budget was discussed in parliament, and individual ministry budgets then considered in detail by respective committees. It does not seem that the SD paragraphs were discussed specifically. In 2005 and 2006, the Ministry of Finance decided that paragraphs on SD should not be included in line ministry budgets.

Sweden, Norway and a few other countries have similar green budgeting approaches which outline the potential SD impacts related to public spending on proposed policies and programmes. In Norway, the Committee of State Secretaries has produced annual reports for 2003, 2004 and 2005 which have formed a chapter in the National Budget (available on the website of the Ministry of Finance: www.odin.no).

In the *UK*, as part of the 2002 Spending Review (of public bodies) led by the Treasury Department:

- for the first time, each Government department produced a Sustainable Development Report identifying the full social, economic and environmental implications of its work; and
- the Treasury, for the first time, provided detailed guidance to departments on how to incorporate sustainable development into their work. This Guidance was made publicly available in November 2001. Each department was required to produce a detailed Sustainable Development Report, outlining the key social, economic and environmental impacts of their work.

Tanzania's Public Expenditure Review (PER) is an important part of the national planning and budgeting mechanism. Today, its central focus is to ensure the allocation and effective utilisation of financial resources from local and external sources to meet Vision 2025 and the National Strategy for Growth and Reduction of Poverty. Though the government had recognized the importance of environment as a cross cutting issue in its previous Poverty Reduction Strategy, and had developed a programme to integrate environment into the strategy, environment was not defined as a priority 'sector' and received no extra investment. By focusing the revised National Strategy on outcomes (rather than assuming priority sectors), and asking all sectors to show what they could offer to achieve such outcomes, the door was open for improved environmental investment. To put some hard figures behind this potential, the Ministry of Finance called for a special Environment Sector Public Expenditure Review as part of the overall PER. This (a) established the levels, trends and distribution of environment expenditure by government and (b) assessed the level of environmental expenditure required to meet the National Strategy.

The process involved:

- Assessing the contribution of the environmental resources to national income over several years.
- Assessing the pricing of environmental products in relation to replacement cost.
- Assessing environmental budgetary allocations and expenditures of Central and Local Government, and key sectors for two financial years.
- Assessing government expenditure on capacity-building for environmental management and proposing elements for capacity-building.
- Assessing the proportion of expenditure on environment from aid flows in relation to requirements for the implementation of multilateral/bilateral environment agreements.

- Reviewing sector programmes/strategies and planning/budget guidelines to identify strengths, weaknesses and gaps in capturing environmental issues.

Although the review was hampered by limited access and availability of data on environmental revenue and expenditure, its findings have directly informed the National Strategy for Growth and Reduction of Poverty. They have led to routine procedures for, and already some increased environmental allocations within, the government budget.

2.6 Indicator-based and quantitative monitoring

Most countries have developed sustainable development indicator (SDI) sets to help them measure progress towards sustainable development, some as part of their NSDS process, others independently. There are numerous existing indicator frameworks and sets, varying in their sophistication and coverage. Some set hard and quantitative targets, while others are more general goals. Some of the more commonly used frameworks are

- pressure-state-response (PSR), limited mostly to environmental issues;
- linked human/ecosystem well-being frameworks;
- issue- or theme-based frameworks; and
- capital-accounting based frameworks, centred on the economic and environmental pillars of SD.

Examples of international indicator sets and initiatives include the UNCSD SDI initiative, the MDG indicators, and the UN System of Integrated Environmental and Economic Accounts. A global compendium of (669 !) indicator initiatives is provided at www.iisd.org/measur.

As part of the process of reviewing and revising the 2001 set of CSD indicators, UNDESA hosted an expert group meeting on indicators in December 2005. In a workshop background paper reviewing key achievements, developments and the role of SDIs, Pintér *et al.* (2005) identify several emerging trends:

- continuing interest in the development of aggregate indices (e.g. Human Development Index, Barometer of Sustainability, Genuine Progress Indicator);
- interest in core sets of ‘headline indicators’ (e.g. as used in the UK, Austria and Australia, and by the European Environment Agency);
- emergence of goal-oriented or target indicators (e.g. MDG indicators, Norway);
- measurement of sustainability by capital (‘green’) accounting systems; and
- making better use of indicators in performance assessment (of organisations).

Norway provides a good example of developing SDI indicators as part of an NSDS process. Norway’s 2003 Action Plan for Sustainable Development (available at: http://odin.dep.no/filarkiv/206401/nat_action.pdf) was led by a Committee of State Secretaries (from different key ministries). Part 1 of the strategy was included as a chapter in the 2004 National Budget. In developing this strategy, the government focused on clear objectives and verifiability. The strategy contained a preliminary and limited set of indicators based on the work of the OECD, the EU and the Nordic Council of Ministers. These focused on quantitative targets for nationally-coordinated issues such as development cooperation, climate change and long-range air pollutants, biological diversity, and sustainable economic development. For example, Box 2.9 shows the indicators for the latter policy area.

The indicators aimed to help measure progress relative to important national targets and international commitments, to be published in Annual Reports on Natural Resources and the

Environment prepared by Statistics Norway ⁹. The 2005 report will be available (in English) at www.ssb.no/english/subjects/01/sa_nrm/.

Box 2.9: Norway's indicators for sustainable economic growth

- *life expectancy:*

| | <u>2003</u> | <u>2020</u> | <u>2050</u> |
|--------------|-------------|-------------|-------------|
| <i>men</i> | 77.0 | 79.8 | 84.7 |
| <i>women</i> | 82.3 | 84.6 | 88.6 |

- *Public sector expenditure on old age and disability pensions*
(% of mainland Norway's GDP):

| | <u>2002</u> | <u>2010</u> | <u>2020</u> | <u>2030</u> | <u>2040</u> | <u>2050</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| | 9.2 | 10.8 | 13.6 | 16.5 | 18.8 | 19.7 |

- *Labour force participation rate*
(age 16-74)

| | <u>1972</u> | <u>1980</u> | <u>1990</u> | <u>2000</u> | <u>2002</u> | <u>2007</u> |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <i>Men</i> | 78.1 | 79.3 | 76.0 | 77.9 | 77.4 | -- |
| <i>Women</i> | 44.7 | 55.1 | 62.4 | 68.8 | 69.6 | -- |
| <i>Total</i> | 61.4 | 67.2 | 69.2 | 73.4 | 73.5 | 71.7 |

Source: http://odin.dep.no/filarkiv/206401/nat_action.pdf

The annual reports are sent to the Committee of State Secretaries and circulated for public comment. The stated aim is to revise the Action Plan every four years, taking into account new information and adjusting policies as needed based on indicator trends. But the new Norwegian government has already started this process and aims to publish a fully revised Plan in the 2008 National Budget (autumn 2007). The process will involve public hearings and stakeholder consultations.

In the autumn of 2003, a Commission for Indicators for SD was appointed to continue the further development of the Norwegian SD indicators. It proposed a set of 16 core indicators (Table 2.1) related to five types of national capital: financial, real, human, natural, and environmental. This set has now been adopted by the government in the 2006 National Budget (available in English at: <http://odin.dep.no/filarkiv/246109/Indicators.pdf>).

Increasingly, SD indicators are being used at local level, too. For example, in 2000, the **UK Audit Commission** issued a handbook offering ideas for measuring sustainable development and quality of life in local communities (available at www.sustainable-development.gov.uk/indicators/local/). It provides a menu of 29 indicators, from which local authorities may wish to consider using a selection for reporting on their Local Agendas 21 and Community Strategies. The indicators build on the extensive work already carried out at local and national levels. They were developed by a joint initiative between local and central government and tested in about 30 local authorities. The indicators are based on local versions of some of the national indicators of sustainable development, including some of the 15 'headline' indicators, and also on a number of other indicators developed by local authorities and Local Agenda 21 groups.

⁹ Statistics Norway has a long tradition of independent analysis and commentary, particularly in the field of economic development and policy, but also in the social and environmental fields, and frequently in opposition to or disagreement with analyses by the Ministry of Finance and Norges Bank (the central bank) (pers.comm. Øyvind Lone, Ministry of Environment, Norway).

¹⁰ Statistics Norway has a long tradition of independent analysis and commentary, particularly in the field of economic development and policy, but also in the social and environmental fields, and frequently in opposition to or disagreement with analyses by the Ministry of Finance and Norges Bank (the central bank) (pers.comm. Øyvind Lone, Ministry of Environment, Norway).

Table 2.1: Norway's core set of sustainable development indicators (Source: Alfsen and Moe, 2005)

| | Indicators | Issues that the indicators shall cover | Issues | | | | | | Components of the national wealth | | | | |
|----|---|--|---|-------------------------------------|-------------------|----------------------|----------------------------------|--------------|-----------------------------------|--------------|---------------|--------------------------|-----------------------|
| | | | Climate, ozone and long-range-transported air pollution | Bio-diversity and cultural heritage | Natural resources | Hazardous substances | Sustainable economic development | Social areas | Financial assets | Fixed assets | Human capital | Natural resource capital | Environmental capital |
| 1 | Emissions of greenhouse gases compared with the Kyoto Protocol target | Climate change | ✓ | | | | | | | | | | ✓ |
| 2 | Percentage of land area where the critical load for acidification has been exceeded | Acidification | ✓ | ✓ | ✓ | | | | | | | ✓ | ✓ |
| 3 | Population trends of nesting wild birds | Terrestrial ecosystems | | ✓ | ✓ | | | | | | | ✓ | ✓ |
| 4 | Percentage of rivers and lakes with clearly good ecological status | Fresh water ecosystems | | ✓ | ✓ | | | | | | | ✓ | ✓ |
| 5 | Percentage of localities (coastal waters) with clearly good ecological status | Coastal ecosystems | | ✓ | ✓ | | | | | | | ✓ | ✓ |
| 6 | Energy use per unit GDP | Efficiency of resource use | | | ✓ | | ✓ | | | | | ✓ | ✓ |
| 7 | Recommended quota, TAC actually set and catches of Northeast Arctic cod. | Management of renewable resources | | | ✓ | | ✓ | | | | | ✓ | |
| 8 | Household consumption of hazardous substances | Hazardous substances | | | | ✓ | | | | | ✓ | | ✓ |
| 9 | Net national income per capita, by sources of income | Sources of income | | | ✓ | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ |
| 10 | Petroleum adjusted savings | Sustainable consumption | | | | | ✓ | ✓ | ✓ | ✓ | | | |
| 11 | Population by highest level of education completed | Level of education | | | | | ✓ | ✓ | | | ✓ | | |
| 12 | Generational accounts: Need for tightening of public finances as share of GDP | Sustainable public finances | | | | | ✓ | | ✓ | | | | |
| 13 | Life expectancy at birth | Health and welfare | | | | | ✓ | ✓ | | | ✓ | | |
| 14 | Long-term unemployed persons and disability pensioners as percentage of population | Exclusion from the labour market | | | | | ✓ | ✓ | | | ✓ | | |
| 15 | Trade with Africa, by LDC-countries and other African countries | Global poverty reduction | | | | | ✓ | ✓ | | | | | |
| 16 | Norwegian ODA as percentage of gross national income (GNI) | Global poverty reduction | | | | | ✓ | ✓ | | | | | |

2.7 Public, local monitoring

Interest is growing in monitoring the performance of local authorities towards SD, processes often managed by NGOs. For example, COS Netherlands (a network of regional Centres for International Co-operation) manages the “*Local Sustainability Metre*” (available at www.duurzaamheidsmeter.nl). This participative instrument provides a benchmark with information covering most Dutch municipalities in 12 provinces, providing up-to-date information on policy measures related to sustainable development. The indicators were developed with citizens groups, government officials and researchers, based on best practices around the country.

There are four questionnaires:

- sustainable development;
- climate and water policies;
- social, poverty and international cooperation policies;
- local sustainable economic policies, and nature and planning policies.

The questionnaires are brought to the attention of about 80 municipalities by local environmental and developmental groups which participate actively in interviewing their officials and aldermen, invoking debate and publicity. In other local areas where no local group is involved in the survey, COS Netherlands approaches the municipality directly.

The questionnaires comprise lists with *yes/no* answers. With numerous questions such as 'does the municipality employ an energy co-ordinator', 'did the municipality decide about concrete cut-backs in CO₂ emissions for its own building', 'did the council decide that sustainable procurement is the way to go', 'does the government provide support to a local youth council' it was possible to get a good overall picture of the accomplishments of most Dutch municipalities.

For each positive answer the municipality can 'earn' points. More points are given for positive replies concerning pioneer activities, less points for policies which are more or less mainstream or not obligatory (such as general policy statements). The total score provides an indication of the state of affairs in the particular municipality. Each questionnaire allows the possibility to correct results by adding/subtracting points, depending on specific measures taken or policies not being adequately implemented. In practice, civil servants and/or citizens completing the questionnaire can propose a 'correction' with an argument substantiating why more (or less) points are deserved for a particular activity. The Metre managers at COS Netherlands review the proposals and decide if they are justified based on criteria such as:

- the motivation for the correction should be related to the question posed;
- correction is not possible for an intended policy or action, only for formally approved policies/actions;
- where a questionnaire was completed by either a civil servant or citizens' organisation, the counterpart is asked for feedback on the proposed correction.

The Local Sustainability Metre website provides policy-makers and NGOs with a complete overview of all answers and the contacts of informers. A quantitative and qualitative analysis of the results has been made by COS Netherlands (Box 2.10)

In 2006 and 2007, the main focus issue will be sustainable procurement. In 2008, COS Netherlands plans to undertake benchmarking for the municipal elections due in 2010.

Box 2.10: Results of Local Sustainability Metre survey, the Netherlands

“The general conclusion of the latest results is that out of the 432 municipalities, only 10% was able to get 'sufficient' results, being able to answer over 54,5% of the answers positively. The cities of Tilburg (over 91% positive results) and Delft (86%) and Alkmaar (82%) showed that policies can be developed in a successful way. Not only the larger cities were able to perform well. Also smaller villages, such as Bolsward in the Northern Province Friesland (9.500 inhabitants), were able to get good results. The extensive research, done with the co-operation of over 1200 local officials and 600 volunteers from NGO's, also showed that it is difficult for the municipalities to maintain a long-term commitment. Themes such as 'sustainable construction' or 'emancipation and youth' seem to fade away from the centre of attention, with a reduction of co-ordinators on the issues and drastic cut-backs in the budgets for these issues. Water policies, extremely relevant to the Netherlands, have not yet reached the mainstream in two-thirds of the local communities while climate change is putting increased pressure on both the dangers of flooding and drought. Climate policies, focussing on reducing emissions of carbon dioxide and reducing fossil energy use, are still weak and can only be developed with wide-scale support of the central government. The moment this financial and expert support diminishes, in one or two years from now, these policies are likely to weaken further. Women's emancipation is now nearly gone from the local agenda of municipalities while the support to youth involvement in local politics (through for instance youth councils) has diminished markedly through the past two years.

The benchmark exercise will be repeated in full in 2009/2010, shortly before the next municipal elections”.

Source: www.duurzaamheidsmeter.nl

2.8 International monitoring

Reports to CSD and UN conferences, and national progress reports

Countries are requested to submit voluntary reports to the CSD every two years, in particular to the review sessions. This provides both an opportunity and a means for countries to take stock and record their activities and progress towards SD. The CSD issues an extensive (currently 14-page) report format that focuses on NSDS and thematic country information. But the emphasis will increasingly be on case studies rather than comprehensive reporting on the given themes requested in previous years.

The latest guidelines encourage that national reporting should:

- reflect the overall progress in all three dimensions of SD, focussing on the thematic cluster of issues for the cycle of CSD meeting (currently the focus is on: atmosphere, climate change, energy, and industry development, in addition to cross-cutting issues);
- focus on concrete progress in implementation;
- include lessons learned and best practices;
- identify actions taken (to promote and achieve SD);
- highlight relevant trends, constraints, challenges and merging issues;
- incorporate, where relevant, the effective use of indicators for SD.

The format is in three parts:

- Part I: a fact sheet framework providing current information on national focal points;
- Part II: a survey on NSDS – information is used to compile a global map of NSDS progress; this survey covers eight key questions covering, for example, type and scope of strategy, approach to its development, nature of implementation, building block

components (where an NSDS process is not yet in place), links to PRS, targeting of MDGs;

- Part III: contains guidelines on particular CSD thematic issues and on preparing case studies for each one.

Country responses are available at www.un.org/esa/sustdev/natlinfo.htm.

Similarly most countries prepare progress reports for major UN conferences, notably the 2002 WSSD and the 2005 Millennium Summit, as well as national progress reports (see Box 2.11 for details of New Zealand's various reports). The 2005 Summit saw a very large number of national reports on progress towards the Millennium Development Goals (MDGs) (Ghanime, 2005; Tunstall *et al.*, 2005).

Box 2.11: Reports published in New Zealand for the WSSD

As part of its preparation for the World Summit, New Zealand published a series of SD-related reports. The government compiled a review, *Towards Sustainable Development in New Zealand*, of progress in implementing its 1992 Agenda 21. Another report, *The Government's Approach To Sustainable Development* (August 2002), outlined the wide range of SD activities across the government sector. Both reports are available at www.beehive.govt.nz/ViewDocument.aspx?DocumentID=14744.

At the same time, Statistics NZ published an experimental report (*Monitoring Progress Towards a Sustainable New Zealand*) providing a selection of information to help assess New Zealand's progress towards sustainable development. This was followed by a consultation process in October-December 2002, led by an independent staff member from Statistics NZ (someone not involved in the development of the above report). This involved public seminars around the country (348 people participated) to discuss the "Monitoring" report and review its usefulness, small-meeting consultations with government departments, and a questionnaire provided on the back of the "Monitoring" report and on the Statistics NZ website. The findings were reported in a Cabinet paper in early 2003.

A review report on the findings of the consultation process by Statistics NZ (February 2003) (available at: www.stats.govt.nz/NR/rdonlyres) indicated that the "Monitoring" report was thought to 'add value':

- by providing an overview of the issues involved in sustainability;
- as a national level report which provides top-level information across environmental, social, economic and cultural sections;
- as a first attempt to monitor progress towards sustainability;
- in identifying the right things to measure;
- in identifying gaps in reporting; and
- in providing all the information in one place.

It also suggested how the "Monitoring" report could be improved, e.g. by using 'one number' indicators, comparing regional- and national-level data, and addressing cultural and heritage perspectives.

The Parliamentary Commissioner for the Environment also released a report on sustainable development (*Creating our Future: sustainable development for New Zealand*) reviewing progress, with particular reference to environmental management performance since the 1992 Earth Summit in Rio de Janeiro. The report (available at: www.pce.govt.nz) highlighted the opportunities and challenges for the future in maintaining a healthy environment, social well-being and a strong economy.

Monitoring the EU SD Strategy

The College of EC Commissioners adopted a communication on an EU SD strategy in May 2001: *A Sustainable Europe for a Better World – A European Strategy for Sustainable Development* (COM (2001)264 final). This addressed dimensions of SD internal to the EU. A second ‘sister’ document covering the external dimensions was released on 13 February 2002: *Towards a Global Partnership for Sustainable Development*. Together, these two documents represent the EU’s SD strategy. Subsequently, considerable debate and attention has been given to monitoring this combined strategy.

The Spring Council of EU Heads of Government was supposed to undertake annual progress reviews of the 2001 EU SD strategy at the Spring Council meeting, but this process has fallen short of expectations and is not been fully effective. It was decided, therefore, to develop a reinforced reporting system to focus on the short- and medium-term delivery of the strategy’s objectives, combining and simplifying as far as possible current reports on sustainable development issues; and clarifying institutional responsibilities (particularly the roles of the European Council and the European Parliament) in the monitoring process.

Future monitoring will be based on SD indicators developed by the EC, drawing on, among other things, the various indicators developed within the sectoral policy processes and the synthesis made from these in the set of structural indicators which have monitored progress towards the targets through the Lisbon reform agenda¹¹. It aims to put more effort into developing future models, forecasts and further gathering of scientific data, and thus to improve monitoring.

In 2005, the EC presented a list of indicators for monitoring the implementation of the political priorities which were agreed at the Gothenburg and Barcelona European Councils or which relate to the commitments entered into by the EU at the WSSD (CEC 2005a). They take the form of a hierarchical framework of 12 headline indicators (corresponding to the main sustainable development themes identified at European and international level), 45 core policy indicators (corresponding to the key objectives of each theme) and 98 analytical indicators (corresponding to measures implementing the key objectives). The European Statistics Agency (Eurostat) has also developed a set of indicators for monitoring, assessing and reviewing the EU SD strategy (available at: http://epp.eurostat.cec.eu.int/portal/page?_pageid=1998,47433161,1998_47437045&_dad=portal&_schema=PORTAL).

The EC launched debate on the 2001 strategy in August 2004 in the form of a questionnaire. It then issued a report in February 2005 (CEC 2005b) as a first step in reviewing the strategy. It built on debate over the preceding year, including the opinion of the European Economic and Social Committee in April 2004 and the results of a public consultation launched by the Commission in October 2004. The report provided an initial assessment of the progress made since 2001 and outlined number of future orientations to guide the review.

During 2005, the European Commission engaged in a public consultation process on how to build on the 2001 EU SD strategy in developing a revised strategy (1100 contributions were submitted by Member States, NGOs, businesses and citizens). A Stakeholder forum was

¹¹ The decision by Heads of Government at the Lisbon European Council meeting in March 2000 to bring various social and economic initiatives together in a single annual review, geared towards making Europe “the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion”. The Lisbon strategy is aimed at economic and social renewal and includes a large number of rather specific targets, timetables and indicators – mostly within a timeframe of 10 years.

organised by the European Economic and Social Committee (EESC) in April 2005. The European Council agreed Guiding Principles for SD in June 2005. This was followed in December 2005 by a Commission Communication presenting a “Platform for Action”, marking the culmination of the review of the SD strategy (CEC 2005c). This ‘revision’ does not aim to replace the 2001 strategy but rather to adapt it for the 2005-2010 period. It takes account of achievements to date and sets out further concrete actions for the coming years. The Communication:

- identified key issues where a stronger impetus is needed in future years ¹²;
- suggested that the external dimension of SD (eg global resource use and international development concerns) be factored into internal policy-making and that the impact of European policy choices on global SD be more consistently assessed;
- proposed ways to measure progress and regularly review priorities, with a view to facilitating greater coherence between Member States and EU strategies – involving, inter alia:
 - submitting a *progress report* from the Commission every two years. It will draw on the set of SD *indicators* (a first report accompanied the Communication);
 - The *European Council* and the *European Parliament* discussing progress, on the basis of the Commission’s report, reviewing priorities and providing general orientations on SD at least every two years;
 - The European Economic and Social Committee and the Committee of the Regions playing an important role in building stronger support for action, eg, through the organisation of *regular stakeholder discussions* and through acting as a catalyst to stimulate *debate at national level* as well;
 - The European Commission launching a *review of the SD Strategy during 2009*, involving a process of *wide stakeholder consultation*;
 - A proposal that Member States *review national SDSs* in the light of the EU Strategy and publish them by the end of 2006, followed by a *light peer review process* focusing on specific themes.
- recommended a continuous dialogue with the people and organisations – business leaders, regional and local authorities, NGOs, academia, and citizens’ organisations – which are engaged and committed to making change happen.

Box 2.12: Recommendations for monitoring the EU Sustainable Development Strategy

At the request of the European Economic and Social Committee (EESC), the Working Group on Sustainable Development of the Network of European Environment and Sustainable Development Advisory Councils (EEAC) put together some recommendations on a conceptual frame for monitoring the EU SD strategy (Bachmann *et al.* 2005):

- Data and other tools, impact assessment:
 - need to select headline indicators, building on more detailed baseline indicators;
 - a proper assessment of ecological, economic and social impacts;
 - cooperation with data-handling institutions which provide accurate data to enable evidence-based analyses of transition trends;
 - societal stocktaking, with involvement of stakeholders and parliamentarians.
- Process quality and link-up procedures:
 - monitoring to be independent from those in charge of strategy;
 - monitoring scheme should reflect state-of-the-art in SD performance and evaluation of EU Member States (eg data aggregation, cross-national peer reviews, benchmarking and rating approaches)..

¹² Climate change and clean energy; public health; social exclusion, demography and migration; management of natural resources; sustainable transport; global poverty and development challenges.

The final phase of the revision of the EU SDS happened under the Austrian EU Presidency during the first 6 months of 2006. The Austrian Presidency set up the "Friends of the Presidency" group consisting of representatives from all Member States and the European Commission. It assisted the Presidency to prepare the renewed strategy. The Austrian Presidency also involved all major Council formations in the review process, and used inputs from the European Parliament and the European Economic and Social Committee.

EU heads of state and government adopted a renewed sustainable development strategy at the European Council meeting on 15-16 June 2006. This includes a section on implementation, monitoring and follow-up which commits the Commission to submitting a progress report on implementation in the EU and member states every two years (starting September 2007) (CEC, 2006). At EU level, the Commission will, in analysing the state of play with regard to challenges set out in the strategy, “draw on a comprehensive set of SD indicators, taking into account the EUROSTAT SD monitoring report, to be updated every two years, as well as on the latest scientific evidence and on developments in relation to key EU activities (strategies, action plans, legislation)”. The progress report will incorporate inputs on progress at national level to implement the EU strategy and the results from voluntary peer reviews of national strategies (see footnote 1). At the latest by 2011, the European Council will decide if and when a comprehensive review of the EU SDS needs to be launched.

3 MONITORING POVERTY REDUCTION STRATEGIES

Poverty Reduction Strategies (PRSs) are increasingly employed as the programmatic basis for cooperation between the government of a low-income country (LIC) and several development assistance agencies. The PRS itself is supposed to be prepared according to key principles, with the aim of according it the standing of true national development policy involving multiple stakeholders, rather than merely a one-off governmental plan.¹³ PRSs are now expected to become the primary vehicle where targets are set for meeting the Millennium Development Goals (MDGs) at national level, particularly in the poorest countries. Donors are supposed to align themselves with this plan and provide harmonised support.

An increasing proportion of such donor support takes the form of *direct budgetary support to low-income-country (LIC) treasuries*, and/or to sector ministries. The idea is to offer long-term, predictable, yet flexible quantities of finance offered to enable good governments in LICs to implement their agreed PRS. Often, donors will support reforms in *public financial management* to ensure effective implementation of the PRS, and effective use of budget support.

Ostensibly, then, the combination of PRS, budget support and public sector reforms, whilst being based on a partnership with donors, is structured to put greater choice and power in the hands of LIC stakeholders – recognising some of the failure of multiple donor-driven projects in the past.

In practice, however, the PRS tends to strengthen central governments rather than all stakeholders in poverty reduction. And the PRS remains flavoured with ‘donor conditionality’. Originally, the primary function of ‘PRS Papers’ (PRSPs) was to help Least Developed Countries (LDCs) secure the remission of debt, and PRSPs were mandatory under the rules of the Highly Indebted Poor Country (HIPC) II initiative; later, PRSPs also became a condition for LDC governments to obtain low-cost loans. The World Bank, IMF and bilateral

¹³ PRS principles are: ‘country-driven’, results-oriented, comprehensive, partnership-oriented and long-term perspective. These are similar to principles for NSDSs developed by the UN (UN DESA, 2002) and the OECD DAC (2001).

donors often pushed the pace in PRS development: as well as providing the information, analytical skills and resources, they often applied very similar packages to very different situations.

Thus, in spite of their potential role as a national multi-stakeholder *process* of agreeing specific development priorities, there remains an understandable tendency to see PRSs as blueprint ‘*papers*’ produced by *central governments*, and driven by *treasuries*, to meet *donor* ‘conditions’.

In such a context, PRS monitoring is particularly important. It should enable all stakeholders to appreciate progress and content of the PRS, to check whether key actors have played their agreed roles, and, in particular, to assess how far the PRS truly matches up against principles of ownership and participation. Such monitoring should equip stakeholders to ensure the strategy realises its potential – as a nationally-agreed statement of intention to reduce poverty, that is clearly linked to national and local systems of planning, budgeting and service delivery. The results of monitoring should provide a good vehicle for dialogue by PRS partners.

There are four basic monitoring elements, most of which are applied to all PRSs:

1. a Poverty Monitoring System (PMS) addressing inputs, outputs, outcomes and impact (in relation to the MDGs) – which has tended to be developed with donor support;
2. an annual PRS progress report – which tends to be focused on donor needs;
3. one-off evaluations to assess the impacts on poverty of particular interventions that are key components of the PRS;
4. the PRS Credit (PRSC) and Poverty Reduction Budget Support (PRBS) Performance Assessment Framework – which tends to be used to trigger consecutive tranches of support.

How have these varied PRS monitoring provisions worked out in practice? The principal conclusion to date is that monitoring, whilst almost always undertaken, is driven by narrow procedural reasons, primarily to support the donor-client government relationship. The strategic value of monitoring is not being fully realised – but this is on the increase and there are clear exceptions.

“Governments in most countries are monitoring results as a requirement, and results are not being used to adjust strategies or to enhance accountability for performance.”

World Bank (2004b)

“It is hard to monitor plans that do not themselves reflect strategic policy thinking – that is, which do not say how the specified outcomes are going to be achieved with the specified inputs, and how the obvious obstacles are to be overcome.”

Booth (2004)

Two recent reviews offer a more detailed assessment of PRS monitoring. GTZ (2004) reviewed the monitoring of five well-established PRS processes and Agulhas Development Consultants Ltd (2006) reviewed the experience of a range of ‘country-led approaches’, primarily PRSs. Their conclusions are largely consistent and include:

- *There have been several improvements as a result of PRS monitoring efforts.* “On the whole, sources of information on long-term poverty trends have increased considerably as a result of the PRSP initiative. There have been significant investments in upgrading the statistical systems in many PRSP countries, and most have introduced survey programmes. The use of qualitative monitoring tools, such as participatory poverty assessments and user-satisfaction surveys, has also improved. National NGOs are

increasingly active in these kinds of monitoring activity, whether independently or as part of the national monitoring system. Many countries with weak public-expenditure information systems have introduced public expenditure tracking surveys. Linking monitoring to resource allocation seems to offer the most promising strategy of building up the demand for more effective monitoring in the policy process.” (Agulhas 2006).

- *Although monitoring is taking place, it is far from realising its full potential:* Most PRSs have some sort of Poverty Monitoring System (PMS) designed as part of it. But implementation of these is often very weak. “Many have produced system designs on paper, and assigned overall responsibility for PRS monitoring to a central agency, but few function as integrated systems” (Agulhas 2006). Monitoring has concentrated on steering the strategy mechanics and timetable, with the particular needs of central government and donors uppermost – however, this has included ensuring good levels of participation.
- *Donor needs end up dominating, and links with existing national monitoring processes are poor:* Monitoring reports tend to be put together by the Ministry of Finance or Planning, but are aimed primarily at the World Bank or IMF (because disbursements occur once key monitoring tasks have been completed). Annual progress reports tend to be broad narratives of government action over the past year, and do not report systematically on PRS indicators. PRS monitoring calendars are often not aligned with the budget or policy process.
- *Dissemination to different national stakeholder audiences is weak, which limits the PRS’s policy influence.* “Weaknesses at instrument or data level pale in comparison” and much more effort is needed in dissemination. With little public discussion of PRS monitoring results, influence on public policy has been disappointingly weak. Exceptions include Nicaragua, where civil society produced a ‘hotly discussed’ alternative strategy; and Kenya, where dissemination aims at the press, public and in local languages.
- *Monitoring suffers from political constraints, but has not yet benefitted from political potentials.* Monitoring has proven to be a highly political process – but in the sense of facing political constraints rather than using political processes. There is resistance to making certain types of information available to the public, as it restricts government room to manoeuvre (for example, information has been weak for economic sectors that the state supports, and for corruption). Parliament was informed in none of the five countries reviewed by GTZ.
- *Most PRSP countries have generated tables of indicators, but the quality and relevance of the indicators varies substantially.* In many cases, they are not based on available data sources, are not clearly linked to specific actors and PRSP objectives. In many cases, baselines and targets were not set during the first PRSP cycle, making it impossible to report against PRSP indicators. Too much attention has been given to generating large lists of *impact* indicators, often to keep a wide range of stakeholders happy (choosing indicators is a political process, too)¹⁴. Impact indicators often need to be streamlined – requiring consensus. There is frequently very little monitoring at impact level and, in many countries, UNDP has taken the responsibility for MDG monitoring. The most critical indicators for monitoring the strategy are at the *outcome* level, which by definition relate to government action; without them, “there is no basis for timely steering and for exerting any meaningful influence within the political process”. But outcome data have not received much attention.

¹⁴ Albania’s PRS has selected 330 indicators... The UK SDS has 15 policy-relevant headline indicators.

- *It is difficult to obtain strategy ‘user’ information that relates to the integrated set of PRS themes.* The World Bank introduced the Core Welfare Indicator Questionnaire (CWIQ) to close the information gap. Participatory surveys can help, such as Poverty and Social Impact Assessment and Citizen Report Cards. Participatory Poverty Assessments give good data, but there are not always well understood or appreciated by PRS coordinators – and thus the issues raised (which are often environment- or gender-related) do not influence the strategy. Data on public expenditure offer key monitoring information on direct strategy outcomes. Public expenditure reviews, and expenditure tracking studies, have been an excellent way to obtain information into how social, environmental and economic assets are being treated.
- *It is a sound strategy to build on existing capacity, but that approach has its own problems.* There is no universal blueprint for the institutional structure of a PRS monitoring system – because building on (diverse) existing approaches has proven to be the only practicable way forward given the vast array of information required. The collection of routine data remains hampered by capacity constraints, particularly in local governments which are often responsible for the delivery of the bulk of pro-poor services. Yet building on existing approaches has created the problem of inconsistent baselines and time series – measurement of poverty incidence is often very sensitive to (changing) definitions of the poverty line where a large proportion of people are just above or below that line.
- *Donors have been supportive in capacity development for monitoring.* They have helped by supporting national statistical institutions, independent studies and seminars in a balanced way – successfully avoiding endangering any sense of national ownership of the strategy. Parallel donor support to fiscal, public expenditure and public sector reform has helped to improve routine government information.

Box 3.1: A closer look: Some monitoring and evaluation innovations in Tanzania’s National Strategy for Growth and Reduction of Poverty (MKUKUTA)

- *The opportunity was taken to evaluate the PRS, consulting with many stakeholders at several levels, before the new Strategy was embarked upon.* A set of questions regarding PRS outputs, outcomes and impacts were asked to:
 - local governments – 18,000 participants in 168 villages;
 - civil society organisations – 1000 consulted;
 - the general public – 22,000 completed surveys (500,000 printed);
 - parliamentary select committee on environment – visited sites;
 - three rounds of consultation – enabling stakeholders to learn and shift position.
- *The Ministry of Finance (MOF) has played key roles in monitoring and evaluation.* Firstly, its Public Expenditure Review (PER) process was critical in identifying the many different stakeholders and activities that can contribute to poverty reduction. Whereas the previous World Bank-led PRS was focused around seven fixed ‘priority sectors’, MoF’s review enabled all stakeholders – within and outside government – to identify what they can offer, at what cost and with what expected benefits. Secondly, steps are now being taken to link PRS monitoring to the annual budget process – which should be key in implementing the strategy and correcting its course. Subsequent monitoring of medium-term expenditure frameworks, as well as future full PERs, will be key to ensuring that the MKUKUTA influences the government budget.
- *Poverty-environment indicators were developed, for inclusion in the revised Poverty Monitoring System designed to monitor the MKUKUTA.* This was a critical step in opening up notions of poverty beyond monetary income and food security. It will be a key step in ensuring broader coverage of sustainable development issues. It was developed with donor support under the DFID/Danida-supported UNDP/UNEP PEI programme.

- *Dissemination of strategy monitoring.* The government has an elaborate process for disseminating information on the PRS, publishing summaries and monitoring results. Tanzanian CSOs produced a plain-language guide to the PRS. Several key documents (including newsletters) appear in Kiswahili.
- *Challenges remain - including:*
 - Clarifying the links between, and possibly rationalising, the three major monitoring approaches:
 - the PRS monitoring system, which tracks 60 indicators;
 - the Public Expenditure Review, which engages in analytical work around the budget; and
 - the Performance Assessment Framework (PAF) which contains broad commitments rather than specific actions in four 'key result areas': macroeconomic stability; improvements in public-service delivery; improving PRS monitoring; and improved public financial management.
 - Developing a robust environmental management information system and baseline for the PMS, consistent with the above.
 - Improving the coverage of several indicators, notably environmental indicators, in the PRSC/PRBS Performance Assessment Framework

4 REQUIREMENTS AND PRINCIPLES/CRITERIA FOR MONITORING

4.1 Monitoring requirements for key strategy elements

In section 1, we indicated that monitoring is needed in relation to key strategy elements: (a) the strategy process, (b) products, (c) outcomes, (d) impacts. and (e) dissemination and use of monitoring information. However, monitoring everything is impossible. It is impossible in *theory* because we do not know enough about natural, social and economic systems to know all the aspects we could record – and new techniques and approaches are being developed all the time. It is impossible in *practice* because there will never be enough resources – time, money, equipment, expertise - to record everything. Therefore, monitoring is necessarily selective. Issues to consider are elaborated below, based on literature and IIED's observations¹⁵.

(a) *Monitoring strategy process* (inputs applied, stages reached, principles adopted)

Monitoring purpose: A strategy is a complex management process that, at the same time, seeks to build on existing decision-making machinery. Monitoring is essential to keep the process on track, to ensure all stakeholders know what stage the process has reached so they can engage more effectively. Process quality also matters: stakeholders have usually committed to a strategy being carried out through certain principles¹⁶. It is also helpful if these principles (e.g. participation and building on existing initiatives) are monitored. Such monitoring offers transparency of information, mutual accountability and confidence building.

¹⁵ Principal source: Dalal-Clayton & Bass (2002); World Bank (2004a)

¹⁶ 'People-centred, participation, consensus, comprehensive, integrated, targeted, based on reliable evidence, incorporating learning, country-led, high-level commitment, building on existing processes and capacity, linking local to national' (OECD 2001)

Issues to monitor include:

- *inputs applied* – financial, physical and human resources against a timetable;
- *stakeholder* involvement/interaction – numbers and types engaged at key stages;
- *government machinery links* – strategy role in key formal plans and budgets, and vice versa;
- *international, business and civil society links* – engagement of strategy process in key events or initiatives, and vice versa;
- *principles applied* – how well the agreed strategy principles have been applied in practice. (see 4.3a and Box 4.2)

Key monitoring criteria include: *economy* (in procurement and expenditure), *equity* (in stakeholder engagement) and *efficiency* (in building on other initiatives).

How to monitor: A mix of internal programme management accounting and reporting, with government administrative monitoring. Stakeholder opinion surveys will help with monitoring strategy process quality (principles). Frequency may range from monthly (finances) to quarterly (government links) to annual (principles)

(b) Monitoring strategy content or products (outputs generated to date and their contents)

Monitoring purpose: The strategy will produce a rich range of data, opinions, ideas, options for decision-makers, actual decisions and some institutional innovations such as sustainable development policy frameworks and information systems. Monitoring is necessary in part to keep track of them, but more especially to be able to identify how key social, environmental and economic issues have been covered, and how these relate to targets and commitments.

Issues to monitor include:

- *type of product*: database, survey, agreed policy, instrument, delivery system or other capacity;
- *how it links to international commitments*: notably MDGs and Agenda 21/CSD;
- *how it links to other national initiatives*: existing or new, government- or NGO-led.

Key monitoring criteria include: degree of coverage of particular issues, e.g. mention, analysis or defined response to sanitation issues; direct or indirect link to key international or national targets; extent of budget/personnel applied to any new system/capacity; and how far strategy principles are applied.

How to monitor: Primarily through internal programme management monitoring; but also government administrative monitoring, e.g. budget and spending round reviews.

(c) Monitoring strategy outcomes (use of products and changes in behaviour)

Monitoring purpose: The strategy's direct outputs should start to influence the diverse plans, budgets and operations of wider government actors, as well as businesses and individuals¹⁷. Consequently, monitoring is needed to assess the use made by stakeholders of strategy outputs and their satisfaction with them; and, further, to identify whether behavioural changes are beginning to take place in areas recommended by the strategy (although attribution is not possible until the impact assessment stage). This may often be the most critical monitoring

¹⁷ In some countries, there will be a fine line between strategy outputs and outcomes, as the strategy mandate may include direct intervention in specified policy arenas.

task, as outcomes are under the direct control of strategy actors, and therefore outcome information offers a basis for steering the strategy.

Issues to monitor include:

- *users of strategy products*: who has used strategy documents, databases and other resources – their numbers and stakeholder type; and what they say about the utility and quality of these resources;
- *strategy citation*: direct citation of strategy by new analyses, innovations, policies and instruments (governmental or otherwise);
- *changed behaviour in planning, budgeting and investment*: major qualitative and quantitative change in key areas, lined up against strategy recommendations.

Key monitoring criteria include:

- strategy product user numbers, types and satisfaction;
- percent of new policies, laws and initiatives citing the strategy;
- percent of budgets directed at strategy recommendations (government, business and household levels).

How to monitor: Website statistics from strategy site; on-line user questionnaires; government departmental annual reporting; parliamentary reporting; industry and commerce annual reporting; household surveys (routine as well as multi-topic special strategy surveys and public inquiries – the latter are also applicable at community level); independent research systems; media monitoring. The use of many systems is considerably eased when monitoring calendars are consistent or coordinated. Whilst this is difficult in the short run, joint projects (e.g. poverty-environment mapping) can be used to link key monitoring agencies together. Frequency is likely to be annual – with one-off studies as and when required.

(d) Monitoring strategy impacts (changes to human and ecosystem well-being)

Monitoring purpose: The strategy's direct impacts are difficult to assess. Firstly, they may not be separable from the impacts of many outcomes (see (c)) that the strategy will have inspired – clearly it is not right to attribute all SD impacts to the strategy alone, or to other initiatives alone. Secondly, they may not be discernable in short time frames. This problem of attributing causation worries many people who have attempted strategy monitoring. The strategy's overall influence is best assessed when monitoring outcomes (see (c)). Here, the added value of monitoring is to assess wider changes to key aspects of human and ecosystem well-being, in order to inform *both* the strategy *and* all the various initiatives to which it is linked. Thus, it is helpful if the strategy includes putative *impact pathways* linking needs with policies or other products, with outcomes, and with likely impacts.

Monitoring information over subsequent years will then offer some fundamental insights into the '*theory of change*' that is built in to the strategy; it may help to test its *assumptions*; it will offer *lessons* on strategy effectiveness in encouraging action in general areas; it may suggest *course correction* in specific areas (national, local or development assistance); and it is certainly central to any formal *revision* of the strategy. Thus, it is helpful if impact monitoring relates to specific, meaningful indicators, triggers or targets rather than to a very comprehensive survey of the wider environment. Indeed, such monitoring should become a central function of a permanent SD information system.

Issues to monitor include:

- *key 'headline indicators'*: perhaps a dozen dimensions of sustainable development which matter most to a variety of stakeholders (rather than a plethora which may have some

academic purpose but little policy use). Also, it is important that indicators stay stable over time to facilitate monitoring;

- *key triggers*: whether environmental or social thresholds are being breached, or acceptable risk levels exceeded, which would signal the need for rapid responses;
- *progress towards major targets*: easier if the strategy is defined in terms of specific targets, e.g. a national articulation/reinterpretation of the MDGs.

Key monitoring criteria include: sustainability (e.g. quantitative or ‘barometric’ directions for each headline indicator, trigger or target); effectiveness (has the strategy been associated with any significant improvement in these indicators? and equity (distributional impacts, notably on poor/disadvantaged groups and on other countries).

How to monitor: By its nature, monitoring strategy impacts is neither a one-off task nor one that can be accomplished with the kinds of limited budgets attached to strategy exercises. Indeed, it will often be considered a major area for capacity development. Ultimately a dedicated SD information system is required which will produce a continually changing picture of the nation’s indicators, triggers and targets in order to inform a continuously-improving NSDS or its equivalent. In the meantime, there will usually be a construction/integration task to bring the capabilities together. Ingredients will include:

- wiring together environmental assessment, demographic and economic information systems, and poverty monitoring with administrative reporting (e.g. health and agriculture departments);
- reconciling differing data periods, time lags and degrees of aggregation;
- agreeing frameworks (Millennium Ecosystem Assessment, livelihood capitals, Agenda 21 and MDGs all have advantages); (see 4.3b and c)
- developing specific official capabilities in key trade-off areas, notably green accounting (to trace state of environmental assets against other assets) and poverty mapping (to link poverty with spatial issues such as environmental deprivations);
- independent watchdogs to attest to the quality of the above, to fill gaps, and to follow specific issues;
- public opinion and behaviour surveys (web-based);
- multi-stakeholder learning groups around specific issues;
- Involving communities and indigenous people – eg the report on the review of the *Monitoring Progress Towards a Sustainable New Zealand (2003)*, indicates a need to better assess Maori interests in relation to indicator reporting (eg monitoring the government’s Treaty obligations towards Maori people and their culture).

Frequency is likely to be every 3-5 years, as part of a process of formal strategy review, although some of the input data may be available on an annual basis.

(e) Feedback: reporting and disseminating monitoring results

Reporting and dissemination purpose: Given the fact that an NSDS is predicated upon strengthening the culture of dialogue, learning, and continuous improvement, it is axiomatic that monitoring results need to reach the multiple stakeholders and levels involved. Feeding

back information from monitoring the four strategy elements above, (a) – (d), to key stakeholder groups enables them to ‘track progress, distil and capture lessons, [steer processes], and signal when a change of direction is necessary (OECD DAC 2001). The periodicity of formal NSDS reviews will influence the approach taken.¹⁸

One of the key dilemmas will be linking process, input, output and outcome indicators. It is not always possible, for example, to relate input cost data to output figures, partly as they may be related to several periods or activities. Ideally, monitoring would be able show the value of output-based (if not outcome-based) planning and costing.

Target groups for reporting and dissemination include: parliament, key civil society (issue-based) groups, standing government committees, existing fora for local and national debate, international institutions and agreements, and donors.

Reporting and dissemination media include: websites and annual conferences/publications – focused on progress, learning and dynamic contexts. Annual parliamentary debates, review meetings in the country’s treasury, and donor conferences have ensured results are linked to key decisions. A diversity of media both engages multiple stakeholders and minimise the possibility of political blockages.

4.2 Principles and criteria for monitoring strategies

The central monitoring and evaluation requirement is to track systematically the key variables and processes over time and space and see how they change as a result of strategy activities (Spellerberg 1991). From experience, a number of criteria can be identified for assessing the utility and effectiveness of strategy monitoring mechanisms (Box 4.1).

Box 4.1: Criteria for evaluating the utility and effectiveness of NSDS monitoring mechanisms

1. ***Adequate policy priority for monitoring:*** the policy/mandate for an NSDS is clear that monitoring is integral to a learning, adaptive approach, central to strategy plans and schedules, and a principal means for course correction.
2. ***Addresses strategy principles:*** monitoring is designed and organised to determine the extent to which key strategy principles are applied (see section 4.3a).
3. ***Constructed and developed as a system*** that combines monitoring of (a) process/input, (b) product/content, (c) outcome and (d) impacts, and makes them a core part of the overall strategy management system.
4. ***Effective utilisation of existing monitoring systems:*** there are clear and operational links to named monitoring systems in government, civil society and private sector.
5. ***Stakeholder participation:*** Monitoring addresses the depth and quality of stakeholder participation – throughout the NSDS process.
6. ***A mix of internal and external exercises,*** balancing self-reflection, learning and adaptation with

¹⁸ There is considerable variation in the periodicity of reviews. In the UK, Germany, Sweden and Belgium, formal review terms are clearly set (5, 2, 4 and 4 years, respectively). PRSs are generally supposed to be reviewed every five years. For some strategies, an annual progress report is prepared (e.g. UK, for the 1999 strategy, and the annual PRS report is a key monitoring tool). Sometimes, a strategy has been revised without any review of the previous one, e.g. Belgium’s 2003 strategy (Niestroy, 2005). Other countries have no official review terms (e.g. Finland, Ireland), but produce various progress reports (e.g. for WSSD).

independent judgement.

7. **Timely and influential:** monitoring is well-scheduled in relation to planning, budget and political systems.
8. **Driven by strategy objectives** rather than by the availability of data.
9. **Clear, but flexible SD reference framework:** an agreed framework is used for linking human and ecosystem well-being, e.g. Millennium Ecosystem Assessment or Agenda 21 (see section 4.3), but is flexible so that new indicators can be included as they are developed or refined.
10. **Range of assessment criteria:** appropriately based around economy, efficiency, effectiveness, equity, and credibility/legitimacy.
11. **Building key datasets:** the process of monitoring itself strengthens baselines.
12. **Adequate resourcing:** c5% strategy budget is dedicated to monitoring.
13. **Measures real progress:** monitoring assesses progress against specific and meaningful indicators (particularly environmental & social thresholds) / quantitative targets.
14. **Visibility and transparency:** The monitoring process is clear, understandable and information is provided to stakeholders, (eg the traffic lights system used in the UK)

4.3 Some reference frameworks for monitoring strategies

A number of useful reference frameworks can be used against which to monitor strategies:

(a) Strategy principles

The OECD DAC (2002) has identified a set of principles for good practice in developing and implementing NSDSs (Box 4.2) (see www.nssd.net).¹⁹

Box 4.2: The OECD DAC principles for sustainable development strategies

These are principles towards which strategies should aspire. They are all important and no order of priority is implied. They do not represent a checklist of criteria to be met but encompass a set of desirable processes and outcomes which also allow for local differences.

- 1. People-centred.** An effective strategy requires a people-centred approach, ensuring long-term beneficial impacts on disadvantaged and marginalized groups, such as the poor.
- 2. Consensus on long-term vision.** Strategic planning frameworks are more likely to be successful when they have a long-term vision with a clear timeframe upon which stakeholders agree. At the same time, they need to include ways of dealing with short- and medium-term necessities and change. The vision needs to have the commitment of all political parties so that an incoming government will not view a particular strategy as representing only the views or policies of its predecessor.
- 3. Comprehensive and integrated.** Strategies should seek to integrate, where possible, economic, social and environmental objectives. But where integration cannot be achieved, trade offs need to be negotiated. The entitlements and possible needs of future generations must be addressed.

¹⁹ A UN process also produced similar elements characterising NSDSs (UNDESA (2002)).

4. Targeted with clear budgetary priorities. The strategy needs to be fully integrated into the budget mechanism to ensure that plans have the financial resources to achieve their objectives, and do not only represent 'wish lists'. Conversely, the formulation of budgets must be informed by a clear identification of priorities. Capacity constraints and time limitations will have an impact on the extent to which the intended outcomes are achieved. Targets need to be challenging - but realistic in relation to these constraints.

5. Based on comprehensive and reliable analysis. Priorities need to be based on a comprehensive analysis of the present situation and of forecasted trends and risks, examining links between local, national and global challenges. The external pressures on a country - those resulting from globalisation, for example, or the impacts of climate change - need to be included in this analysis. Such analysis depends on credible and reliable information on changing environmental, social and economic conditions, pressures and responses, and their correlations with strategy objectives and indicators. Local capacities for analysis and existing information should be fully used, and different perceptions among stakeholders should be reflected.

6. Incorporate monitoring, learning and improvement. Monitoring and evaluation need to be based on clear indicators and built into strategies to steer processes, track progress, distil and capture lessons, and signal when a change of direction is necessary.

7. Country-led and nationally-owned. Past strategies have often resulted from external pressure and development agency requirements. It is essential that countries take the lead and initiative in developing their own strategies if they are to be enduring.

8. High-level government commitment and influential lead institutions. Such commitment – on a long-term basis - is essential if policy and institutional changes are to occur, financial resources are to be committed and for there to be clear responsibility for implementation.

9. Building on existing mechanism and strategies. A strategy for sustainable development should not be thought of as a new planning mechanism but instead build on what already exists in the country, thus enabling convergence, complementarity and coherence between different planning frameworks and policies. This requires good management to ensure co-ordination of mechanisms and processes, and to identify and resolve potential conflicts. The latter may require an independent and neutral third party to act as a facilitator. The roles, responsibilities and relationships between the different key participants in strategy processes must be clarified early on.

10. Effective participation. Broad participation helps to open up debate to new ideas and sources of information; expose issues that need to be addressed; enable problems, needs and preferences to be expressed; identify the capabilities required to address them; and develop a consensus on the need for action that leads to better implementation. Central government must be involved (providing leadership, shaping incentive structures and allocating financial resources) but multi-stakeholder processes are also required involving decentralised authorities, the private sector and civil society, as well as marginalized groups. This requires good communication and information mechanisms with a premium on transparency and accountability.

11. Link national and local levels. Strategies should be two-way iterative processes within and between national and decentralised levels. The main strategic principles and directions should be set at the central level (here, economic, fiscal and trade policy, legislative changes, international affairs and external relations, etc., are key responsibilities). But detailed planning, implementation and monitoring would be undertaken at a decentralised level, with appropriate transfer of resources and authority.

12. Develop and build on existing capacity. At the outset of a strategy process, it is important to assess the political, institutional, human, scientific and financial capacity of potential state, market and civil society participants. Where needed, provision should be made to develop the necessary capacity as part of the strategy process. A strategy should optimise local skills and capacity both within and outside government.

Source: OECD DAC (2001a)

NOTES:

Principle 1:

- a) Particular attention must be paid to youth to ensure nurturing of long-term attitudinal changes in society – educational reform is central to this process.
- b) While many past strategies have been about development, they have often had mixed effects on different groups.

Principle 8:

- a) It is crucial that the lead institutions are truly representative and reflect the many publics in the country, to ensure national buy-in. There is a tendency to assume that NGOs, CBOs and market-oriented interest groups from the private sector and industry represent civil society. More care is needed to ensure the inclusion also of organisations/leaders drawn from academic, religious, political, cultural and grass-roots levels.

To the above list of principles endorsed by the OECD-DAC, can be added:

Principle 13: Incorporate effective conflict and negotiation management systems. Traditional development often tends to generate severe competition over resource allocation and use, and this leads invariably to conflict among stakeholders. Strategy development needs to address this issue for genuine partnership and participation. Thus, resolving conflicts, averting potential ones, facilitating and building capacity for negotiation, bargaining and effective inclusion must be central elements of the strategy process.

Source: Dalal-Clayton & Bass (2002).

An example of a reference framework specifically for developing countries is the St Georges Declaration of Principles for Environmental Sustainability in the OECS. Developed in 2001 under the auspices of the OECS, this is a policy and programmatic framework for matters related to the environment. It is paralleled by the OECS Environmental Management Strategy. Both of these regional instruments have been translated into National Environmental Management Strategies (NEMS). The SGD is an indigenous platform in the region and this gives it legitimacy and relevance (Renard & Geoghegan, 2005).

Official/formal reporting requirements are perceived as a burden, and sometimes present particular difficulties for the official focal points responsible for their compilation, as illustrated by the reporting frame for the SDG (Box 4.3).

**Box 4.3: Problems of Reporting on the St Georges’s Day Declaration,
Eastern Caribbean**

Following a decisions of the Technical Advisory Committee of the Organisation of Eastern Caribbean States (OECS), a monitoring instrument was developed. OECS Member States are requested to submit annual reports on implementing the St Georges Declaration (SDG). The instrument takes the form of matrices recalling the terms of the SDG, leaving spaces for respondents to include the planned and actual actions and results in a reporting year. People who have been involved in preparing, or attempting to prepare, the annual reports have identified some particular difficulties:

The SGD Principles are numerous and broad, and cover economic, social, cultural and environmental dimensions of development. Consequently:

- The OECD-Economic and Sustainable Development Unit (ESDU) focal points within Member States find it difficult to report on actions within programme areas that are far beyond their

mandates and responsibilities. In order to fill out the reporting instrument, they would need the inputs of a wide range of agencies.

- Similarly, development partner representatives indicate that the scope of the SGD and its reporting instrument is far broader than the mandate of the officer responsible for environmental affairs and programmes. In most cases, it is unrealistic to expect that the person responsible for managing the relationship with the OECD-ESDU – usually an environmental affairs officer – will be in the position to provide a report on activities that relate to all of the Principles of the SGD.
- Even when actions and outputs are identified, it is not always easy for the respondent to determine where these fit within the instrument, as an action or output can easily be linked to several results and principles.
- In spite of the broad scope of the SGD, the monitoring and reporting activities that have been conducted to date have focused on the roles and efforts of governmental agencies and their external bilateral and multilateral partners, and have not covered the activities of civil society and the private sector.

Source: Renard & Geoghegan (2005)

(b) The Millennium Development Goals (MDGs)

The MDGs were produced by the UN Secretariat following the Millennium Declaration in 2000 (see: www.un.org/millenniumgoals). The MDGs are increasingly providing the basis for both development cooperation and NSDSs (or their equivalents), for example, the current UN-wide emphasis on producing MDG-based national strategies.

The eight MDGs break down into 18 quantifiable targets that are measured by 48 indicators:

- Goal 1: Eradicate extreme poverty and hunger
- Goal 2: Achieve universal primary education
- Goal 3: Promote gender equality and empower women
- Goal 4: Reduce child mortality
- Goal 5: Improve maternal health
- Goal 6: Combat HIV/AIDS, malaria and other diseases
- Goal 7: Ensure environmental sustainability
- Goal 8: Develop a Global Partnership for Development

There is no formal requirement to report on the MDGs but UNEP country offices are making reporting a priority.

“The national MDG reports allow developing countries to take ownership of the goals, which are critical to shaping their development priorities. Through the UN country teams worldwide, UNDP leads efforts to help countries integrate the MDGs into their national development circumstances, building them into NSDSs and policies, and incorporating them in budgets and ministries’ priorities. The goals are also integrated into assistance frameworks and programmes (including PRSPs)”.

(Quoted in Renard & Geoghegan, 2005)

(c) The Millennium Ecosystem Assessment (MA)

The MA is ‘a critical evaluation of information concerning the consequences of ecosystem changes for human well-being, for the purpose of guiding decisions on complex public issues’ (www.maweb.org). The MA was called for by the UN Secretary General in 2000, and

authorized by UN member governments through four multilateral environmental conventions. It was prepared by 1360 experts from 95 countries. The MA has five special characteristics that mark it out from other environmental reviews:

- The MA looked at ecosystem-*people* links. Thus it pointed, for example, to drylands as being one of the most critical areas (since many poor people are vulnerable to the poor soils and limited water supply) rather than e.g. the coral reefs or tropical rainforests that you might expect to head a list of priorities.
- It is organised in terms of the *services* that people obtain from ecosystems – ‘provisioning’ services like food and fibre, ‘regulating’ services like climate and water regulation, and ‘cultural’ services like aesthetics and recreation.
- It offers scenarios suggesting how ecosystem changes may affect people in future decades.
- It offers a catalogue of proven ‘*response options*’ proven to make sustainable use of ecosystem services and tackle problems.
- Finally, it offers a conceptual – and potentially a political – *bridge* between the too-separate worlds of environment and development.

5 POST-SCRIPT ON JUDGING THE EFFECTIVENESS OF STRATEGY MONITORING AND ON THE PROS AND CONS OF APPROACHES

5.1 Difficulties in comparing and judging approaches

Our recommendations on the requirements for effective strategy monitoring in section 4 do not necessarily permit a comparison between the different monitoring approaches. In practice, these approaches are seldom used in isolation. They have been articulated very differently in individual countries, and often used in combination. Thus the issue is fitness for a specific purpose rather than inherent advantages or disadvantages. Each approach may have a role to play, either individually or in combination, depending on the country’s needs and circumstances.

Beyond stating general criteria for good monitoring, we have not attempted in this review to make any judgements on the adequacy or efficacy of particular monitoring approaches (for the reasons given above) or in particular countries. We have no objective basis for doing this – the approaches serve different purposes, as we have said, and evidence is not available from a wide enough range of countries. Such an ‘external’ assessment would face a number of difficulties, including:

- most existing strategy monitoring systems are not yet producing reports accessible to external reviewers;
- strategy documents rarely provide much, if any, information about monitoring – at least not related to the sets of requirements and criteria set out in sections 4.1 and 4.2.
- where information is provided, it is usually partial or in insufficient depth.

From this, it follows that a good step for a country engaged in reviewing or revising its NSDS (or equivalent) would be to undertake its own assessment of the adequacy and effectiveness of strategy monitoring. This would involve examining what strategy monitoring framework or system, or elements of a system are in place, and how well these meet the requirements, principles and criteria for monitoring described in section 4.2

5.2 Pros and cons of approaches

Despite the above reservations and limitations, Table 5.1 ventures some tentative, illustrative, observations on the pros and cons of different approaches, based on intuitive judgement and the limited ‘ground’ evidence available from practical applications, and indicates which of the four key strategy elements the approaches tend mainly to focus on.

Some organisations have offered their own assessments of the advantages and challenges of the monitoring approaches for which they are responsible, e.g. Canada’s Office of the Auditor General (Box 5.1). The literature on the use of sustainable development indicators offer some insights into the advantages and challenges associated with indicator-based monitoring (Box 5.2).

Box 5.1: Some advantages and challenges of the Canadian CESD audit approach

Advantages

- Broad powers of access to the information required to undertake thorough fact-finding;
- Subject to clear requirements and procedures to maintain independence, objectivity and rigour;
- Independence also applies to selection of audit topics according to significance and risk;
- Mandated to enable the elected Parliament to keep government accountable for its sustainable development commitments;
- Audit process also engages senior levels of management within departments.

Challenges: the limitations or challenges relate to it being conducted by a national audit office:

- A strict statutory approach, not adaptive and collaborative;
- Relies on Parliamentary interest and engagement;
- Demands a level of evidentiary rigour that sometimes makes it difficult to express important generalizations or intuitive connections;
- must steer clear of policy critiques (i.e., it must focus on how well a policy is implemented, not on how good policy is);
- audit process can only help to the extent that departmental senior managers are committed to SD strategies – this varies.

The decentralized, disaggregated, department-by-department approach to SD strategy development in Canada creates challenges for the CESD’s audit work:

- Lower profile and impact, with reduced appeal for ongoing stakeholder involvement;
- Difficult to address collective significance of departmental SDSs, (ie even if all were fully implemented, would federal government be clearly and forceful on the road to SD?);
- Difficult to link action on SDSs and their commitments to actual improvements in state of environment/SD?
- Difficult to engage and support innovation in public service;
- Difficult to ensure integration of SDSs with other business planning.

Based on Aird (2005)

Table 5.1: Some pros and cons of monitoring NSDS: approaches compared

| APPROACH | PROS | CONS | Key strategy elements addressed | | | |
|--|--|---|---------------------------------|---------------------|----------|---------|
| | | | Process | Content/ Product | Outcomes | Impacts |
| <i>National peer reviews</i> | <ul style="list-style-type: none"> • Voluntary • Countries can tailor approach to their needs and circumstances • Covers full set of strategy elements (process, content, outcomes, impacts) • Sets questions based on main NSDS principles • Facilitates dialogue • Enables sharing of experiences between countries • Generates a record of discussions and recommendations for improvement of NSDS | <ul style="list-style-type: none"> • Countries might organise reviews to be non-judgemental (could also be seen as an advantage) • Resource-intensive • Difficult to get countries to agree to peer reviews in international/regional fora | YES | YES | YES | YES |
| <i>Internal reviews</i> | <ul style="list-style-type: none"> • Address progress towards delivering SD commitments or achieving targets • Can be powerful tool for change when based on indicators and targets | <ul style="list-style-type: none"> • Usually undertaken by government officials driving the NSDS (not independent) – danger of bias, partiality, lack of objectivity • Process largely exclusive to government • Could be non-judgemental • Resource-intensive • Needs high-level political commitment | NO | YES | YES | RARE |
| <i>External auditing</i> (see also Box 5.1) | <ul style="list-style-type: none"> • Independent of strategy driver(s) – more objective • Can keep governments accountable for SD commitments • Engages wide array of ministries (Canadian CESD model) | <ul style="list-style-type: none"> • Influence depends on criteria selected as basis for audit and independence of auditing body | NO | YES | YES | YES |

| | | | | | | |
|--|---|---|----|-----|------|------|
| <i>Parliamentary reviews</i> | <ul style="list-style-type: none"> • Based on checks & balances between various branches of government • Can raise political awareness of SD goals • Allows elected representatives to ask questions of government on SD | <ul style="list-style-type: none"> • Can have short-term perspective due to limited parliamentary terms and concerns with other issues • Doesn't provide real 'measures' of SD progress (outcomes, impacts) • Usually limited to debating a report submitted by government (no engagement of other stakeholders) | NO | YES | YES | RARE |
| <i>Budgetary reviews</i> | <ul style="list-style-type: none"> • Involves the most powerful and influential government ministry (Finance) • Provides a means to argue/lobby for fiscal allocations to SD actions or other investment (particularly when aligning with national planning) • Can increase SD awareness within ministries • Generally demands ministries to focus on SD outcomes and value-for-money • Can provide guidance to ministries on incorporating SD into their work | <ul style="list-style-type: none"> • Difficult to involve finance ministries • Can be hard to implement without better methodology | NO | YES | RARE | NO |
| <i>Indicator-based monitoring</i> (see also Box 5.2) | <ul style="list-style-type: none"> • Can be most rigorous approach if indicators are also targets • Allows long-term vision when inter-generational indicators included | <ul style="list-style-type: none"> • May be hard to get agreement on short list of core indicators • Questions remain about how to measure certain SD concepts • Data can be unreliable or lacking (particularly in developing countries) • National indicators less relevant at local level | NO | NO | YES | YES |

| | | | | | | |
|---|---|--|----|-----|-----|------|
| <p>Public, local monitoring</p> <p><i>(Comparison relates only to Netherlands Local Sustainable Meter example)</i></p> | <ul style="list-style-type: none"> Engages publics/civil society on SD issues that matter to them Participative instrument Indicators agreed by range of stakeholders Builds links between NGOs and local officials Transparent process | <ul style="list-style-type: none"> Bias towards local authority actions on SD; risk of neglecting national strategy elements | NO | YES | YES | YES |
| <p>International monitoring</p> <p>Reports to CSD, UN conferences, national progress reports</p> | <ul style="list-style-type: none"> Creates peer pressure – can be most effective means of promoting SD reforms Official commitment to report – can be used by stakeholders to push for action | <ul style="list-style-type: none"> ‘Box-filling’ approach (completing questionnaire) Countries tend to emphasise successes and downplay/avoid failures & shortcomings | NO | YES | YES | RARE |
| <p>Monitoring EU strategy</p> | <ul style="list-style-type: none"> Regional (European) perspective Future monitoring to be based on SD indicators (12 headline) | <ul style="list-style-type: none"> Inadequate attention to external dimensions (policy effects on developing countries) Lacks comprehensive assessment of ecological, economic and social impacts Inadequate engagement of stakeholders Process run by strategy drivers (lack of independence) Process buried in EU bureaucracy | NO | YES | YES | POOR |
| <p>Poverty reduction strategy monitoring</p> | <ul style="list-style-type: none"> Addresses inputs, outputs, outcomes and impacts (increasingly in relation to the MDGs) Performance assessment triggers consecutive tranches of donor support and forms formal basis for donor-recipient dialogue Provides base for capacity development | <ul style="list-style-type: none"> Annual progress reports focus on donor needs Driven by procedural reasons – mainly to support donor-client government relationship Strategic value of monitoring not yet fully realised Poor links with existing national monitoring processes Inadequate stakeholder participation | NO | YES | YES | YES |

Box 5.2: Some advantages and challenges of indicator-based monitoring

Advantages (Source: Dalal-Clayton and Bass, 2002)

- Based on the concept of an NSDS as a cross-sectoral, cyclical process (rather than a document), sustainable development indicators (SDIs) can play an integral role in several phases of the NSDS cycle: from the identification of strategic priorities, through planning and implementation of specific policy interventions, monitoring progress and learning from successes and failures. It is important, therefore, to couple indicator and NSDS development so they are mutually supportive. An NSDS provides an institutional framework for realising the full potential of SDIs.
- SDIs can help the design of strategies and specific interventions so that they address real priorities, take interactions between sustainability issues into account, and identify weaknesses.
- Although SDIs can be a political challenge, they help to improve accountability both in terms of specific sustainability initiatives and the success of an overall NSDS.

Challenges (Source: Pintér *et al.* (2005))

- Often, SDIs are developed with a rigorous review of national statistical data collection systems, leading inevitably to major *data gaps and data quality issues*. There is often a *lack of long-term, consistent monitoring mechanisms* to supply data with adequate temporal and spatial resolution. Data collection can be *costly*.
- Key challenge is to ensure that SDIs are *integrated into mainstream policy mechanisms*, instead of being an environmental “add-on” to existing and used statistical, measurement and reporting systems.
- SDIs are still often assigned to environmental agencies without sufficient mandate, capacity and influence to ensure indicators are brought to *bear on key policy decisions* such as the development of government budgets, sectoral policy frameworks, or long-term and sustainable development strategies.
- There remain uncertainties and debates about what and how to measure and how to link specific indicators to *time-bound targets and thresholds*.
- *Comparability* of indicator system continues to be limited by the use of different sets and frameworks that often adhere minimally to standards of how the same variables should be measured.
- *Aggregate indices* are attractive for communication but require high quality data for consistent, comparable and complete indicator sets, plus a political consensus on indicator weights that is difficult to achieve at international, national or sub-national scales.

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