

CHAPTER

8

Strategy Decision-Making¹

Strategies have to be grounded in the politics, the policies, the programs, the practices, the paradigms, the performance measures, and the pathologies that preoccupy both the populace and the policy-makers. (Tariq Banuri 1999)²

A great many 'low key' decisions need to be taken on a daily basis throughout a sustainable development strategy process – from where best to hold a meeting, to how to encourage an important person to become involved. But these day-to-day decisions, although important, are not the concern of this chapter. Rather the focus here is on how to arrive at major decisions that can determine the overall purpose and approach of a sustainable development strategy. The chapter addresses:

- the *scope* of major strategy decisions – from agreed visions and policy goals to decisions on implementation of strategy action programmes, is discussed next;
- possible *values, principles and frameworks* which can guide strategic choices (page 258);
- *institutional and procedural* arrangements for making strategy decisions (page 270);
- factors to consider when deciding on which *instruments* will be best for implementing the strategy (page 283).

There are many links between this chapter and others concerning the 'strategy cycle' (Figures 4.2 and 5.13). In particular, good strategy decisions cannot be made without the right 'inputs', particularly relevant analysis and stakeholder participation, which are described in detail in Chapters 5 and 6.

The scope of strategy decisions³

The typical set of major strategy decisions covers vision, objectives, targets, triggers, action plan and

¹ This chapter has benefited from review comments and additional material provided by Ralph Cobham, UK; and Professor Michael Carley, Herriot Watt University, Scotland.

² Cited in Hanson et al (2000).

³ Material for this section has drawn from Hagen (n.d.); ICLEI (1996a); and Carew-Reid et al (1994).

A strategy is fundamentally about making choices: the art and the science of decision-making is central to it

institutional roles. Table 8.1 illustrates these, using examples from The Netherlands and North West Frontier Province (Sarhad), Pakistan. The following describes each type of decision in turn:

Strategic vision

*A vision tells us
where we want to go*

The *strategic vision* describes the long-term aspirations which stakeholders agree should guide all other aspects of the development of the strategy. This may describe, for example, what kind of society is envisaged; and/or what types of major changes in production, consumption, or societal organization and behaviour are desired. It can be accompanied by a statement reflecting stakeholder consensus on key problems and issues that should receive priority. A 20–30-year period is commonly used for visioning, such as the Vision 2020 exercises in Malaysia, Ghana, Malawi and many other countries. The process of developing and agreeing the vision has to be a multi-stakeholder, multi-level effort and will be a valuable learning exercise. Consensus should normally be sought throughout the process, or key stakeholders will not be ‘on board’ in later steps (see page 272). Scenarios can form useful inputs (page 171).

Strategic objectives

*Objectives describe
how we might get
there ...*

Strategic objectives, taken together, describe how the vision might be achieved. The principles and values inherent in the vision can be applied to priority issues to establish particular objectives for each issue. Each objective should cover a given issue (problem or opportunity), address the main changes required to make the transition to sustainable development, be expressed in a way that is broad enough to encompass all aspects of the issue and ensure ‘buy-in’ by all relevant stakeholders, but also specific enough to allow measurable targets to be defined. The strategy should cover sufficient objectives to address the main economic, social and environmental concerns of sustainable development, but few enough to be achievable and comprehensible. Some objectives may be agreed as priorities, to be accorded targets (see below) and implemented within a short timeframe. Other objectives, which are not current priorities, may come into effect only when progress has been made with the priorities, or if triggers (below) reveal they have become of higher priority.

Targets

*... some to be
achieved by target
dates ...*

Targets for each objective describe specific and measurable activities, accomplishments or thresholds to be achieved by a given date. These form the core of any action plan, and serve to focus resources and guide the selection of options for action. Because targets imply concrete actions and behaviour changes by specific stakeholders, they should be the product of negotiation. For example, The Netherlands Environmental Policy Programme and the Egyptian NEAP both negotiate local targets with local authorities and other stakeholders.

Triggers

*... with action on
others to be triggered
in the future ...*

Triggers are commitments to take a specified action at a future date. Where agreement cannot currently be reached on a particular target due to lack of information, or where a target may not yet be realistic given the extended timeframe of a strategy, it may instead be ‘triggered’ when specific conditions develop. This could include reaching a specified threshold for population growth or environmental damage, or when resources become available, or a given target is achieved. In addition, if a strategy has established first- and second-priority objectives, targets can be set for the first priorities and triggers for the second priorities. For example (ICLEI 1996a):

<i>Strategic Objective 1:</i>	To promote technologies, products and practices that reduce the creation of wastes.
<i>Target 1.1:</i>	By 2015, reduce the generation of household solid waste by 50 per cent from 2000 levels.
<i>Trigger 1.1:</i>	If household solid waste is not reduced by 25 per cent of 2000 levels by 2010, volume-based waste collection charges will be instituted.

In short, both targets and triggers need to relate specifically to the strategy objectives.

Action plan

An *action plan* is a framework of actions for achieving strategy objectives and targets. It states clearly how each action contributes to one or more given strategy objectives, and may suggest a relative priority rating (eg high, medium or low; or essential, important, desirable). The following types of actions and their sequencing may be outlined in broad detail:

- new policies, policy changes and links for improved coherence (page 280);
- new and changed legislative, economic or other instruments which assist implementation of policies or build capacities (page 283);
- major programmes and pilot projects for sustainable development and change management;
- sustainability guidelines and standards for sector activities and institutional roles.⁴

The strategy action plan/framework would, therefore, comprise existing activities as well as specifying new ones. It would note where existing resources are adequate for implementation, and where extra (outside) investment is needed. However, it would not offer a step-by-step blueprint for each action.

Institutional plan

An *institutional plan* covers the roles, partnerships and systems required to implement the strategy. This may include linkage between the NSDS and other strategic plans and between plans at different spatial levels: national, sub-national, local, or for different sectors or geographical regions. It would identify which institutions are responsible for which parts of the strategy action plan, their degrees of freedom and where they have an obligation to defer to other stakeholders or strategy coordinators. It might also signal a rationale for streamlining institutions (especially where responsibilities overlap or conflict) or even propose the establishment of new institutions as necessary.

For all of the above, there is a need for clarity on the *geographical boundaries* to which the strategy decisions apply. Chapter 4, page 107 addresses the distinction between international, national and local needs, with an example from Pakistan given in Box 4.12. This is important because a weakness that has undermined previous attempts at strategy development has been the omission of key spatial levels of decision-making, or weak links between levels.

There should also be a *clear and logical path from vision to action plan and institutional roles*. Many previous strategies have missed one or other of these components. For example, many NCSs did not develop shared stakeholder visions, at best 'borrowing' visions direct from the World Conservation Strategy, without their

... and all set out in the framework of an action plan, comprising existing and new activities ...

... with clear institutional roles

⁴ Sometimes *sustainability guidelines* and standards may be articulated in detail in a strategy, especially where strategic objectives emphasize voluntary actions and common principles for institutional and legal change.

Table 8.1 Examples of the framework of linked strategic decisions

A: Netherlands 4th National Environmental Policy Plan (NEPP)

Strategic vision	<p>A new, broader and more future-oriented vision is needed. A broader vision, so that we can look across national boundaries and realize that surfeit and scarcity are unequally distributed and ecological equilibrium is being distributed transnationally. A more future-oriented vision, because reaching a sustainable equilibrium in the long term – for instance, thirty years – demands that we make choices today.</p> <p>This rationale has brought about a policy plan which is different because it extends much further into the future, with a policy horizon extending to 2030, and a desired situation to be reached in 30 years' time described as:</p> <ul style="list-style-type: none"> ■ A healthy and safe life: <i>The land, water and air; as well as food, products and drinking water are all so healthy and safe that there is a negligible risk that people will become ill or die from them. The risk of serious accidents is socially accepted.</i> ■ Within an attractive living environment surrounded by dynamic nature: <i>The daily living environment is perceived as clean and attractive. Everywhere the quality of the air, the land and the water is in keeping with the function of that area and this quality does not pose any obstacles to the nature functions. Water availability is not a problem anywhere and the rural areas are of high quality. Biodiversity and soil fertility are used sustainably.</i> ■ Without damaging global diversity or depleting natural resources: <i>The availability of natural resources is safeguarded; both current and future generations can fulfil their needs. The demand for renewable resources is in balance worldwide with the supply. Non-renewable resources are available long enough to allow for the development of good alternatives. Biodiversity is such that the supply of genetic material remains adequate.</i>
Strategic objectives	<p>There are 'tenets' and 'objectives' stipulated for each theme. Interestingly the rhetoric used to elaborate on the objectives of each theme is not uniform: for 'External safety policy innovation', 'tenets' are stipulated, whereas for 'Chemical substances policy innovation', 'objectives' are set.</p>
Targets	<p>The strategy is given a 30-year timescale.</p> <p>The targets are said to be negotiated locally in light of national objectives.</p> <p>As a member of the European Union, The Netherlands also complies with the environmental targets set for EU member countries.</p>
Triggers	<p>Funding is a major crux of the institutional plan for The Netherlands. If the possibilities for internalizing environmental costs turn out to be limited in practice, the phased implementation of the proposed set of instruments for the policy document will be modified.</p>
Action plans	<p>These are decided per theme: 'Emissions, energy and mobility', 'Biodiversity and natural resources', 'Environment, nature and agriculture', 'Chemical substances policy innovation' and 'External safety policy innovation'.</p> <p>For example, under 'Biodiversity and natural resources', specific tasks such as:</p> <ul style="list-style-type: none"> ■ to take international initiatives to combat deforestation; ■ to work towards translating the concept of sustainable agriculture into concrete guidelines for developing countries.
Institutional plan	<p>There is considerable emphasis on coherence, coordination and the significance of local government:</p> <ul style="list-style-type: none"> ■ greater cohesion between environmental and spatial policy; ■ greater cohesion between the policies at the various levels of government. <p>Additional responsibilities for the local living environment, and greater freedom, for 'lower' tiers of government.</p>

B: Sarhad Provincial Conservation Strategy (SPCS), Pakistan

Strategic vision	<p>The SPCS is a statement of commitment by the Government and people of North West Frontier Province (NWFP) to move towards an effective programme of sustainable development. There is no explicit 'vision' – instead a goal and principles.</p> <p>The fundamental goal is to secure the economic, social and ecological well-being of the people of the NWFP through the conservation and sustainable development of the province's natural resources.</p> <p>The principles to guide the implementation of the SPCS are:</p> <ul style="list-style-type: none"> ■ The conservation and sustainable development of the NWFP's resources are essential for human survival. ■ Essential ecological processes and life-support systems must be maintained. ■ The genetic and biological diversity of plants, animals and ecosystems should be conserved and promoted. ■ Economic development and environmental management must be designed together. ■ Community and development organizations and the private sector are essential in finding solutions to sustainable development. ■ Religious and cultural values must be respected and used as a resource in the design and implementation of the SPCS. ■ Each individual citizen has a responsibility to the environment and can have a positive impact on environmental conservation. ■ The NWFP has a role to play in national and international efforts for sustainable development and global environmental protection.
Strategic objectives	<p>Treatment of the fundamental social problems that are the underlying cause of environmental degradation.</p> <p>Conservation, rehabilitation and sustainable development of natural resources.</p> <p>Protection of the living environment from air, water and soil pollution.</p> <p>Development of high-quality environmental protection mechanisms including appropriate legislation, development planning mechanisms, environmental quality standards, and participatory and regulatory institutional arrangements.</p> <p>Improvement of the institutional and financial capacity of the Government for sustainable development of natural resources.</p> <p>Protection and conservation of the cultural heritage of the NWFP.</p> <p>Improvement of community and individual involvement in decision-making about natural resources and the environment.</p> <p>Raising of public awareness and understanding of conservation and sustainable development issues.</p>
Targets	All action plan commitments (below) are given a three-year time horizon.
Triggers	No triggers are apparent.
Action plans	These are phrased as ' commitments ' under broad theme headings such as 'Urban Environment and Sustainable Cities' and 'Sustainable Industrial Development'. Although these headings do not correspond exactly to the objectives as above, the commitments appear designed to fulfil these objectives. They are listed in a financial plan , are budgeted for, and form part of the ' Greening ' of the Annual Development Programmes .
Institutional plan	Key responsibilities are noted in the financial plan . Focal points have also been created in different organizations, brought together in thematic roundtables .

articulation for local conditions. Lacking targets and clear lines of responsibility as well as clear ownership by stakeholders or society at large, such NCSs became viewed as little more than a ‘wish-list’ of old and new proposals, or as set of generic technical guidelines (‘encyclopaedias of desirable actions’, in the opinion of the Pakistan NCS Mid Term Review Team – Hanson et al 2000). Some of the Vision 2020 exercises lacked institutional plans, and so had no clear link to implementation. And many strategies lack triggers – framing all aspirations in terms of unprioritized and unlinked targets, which are prone to failure in their entirety.

However, as noted in Chapter 4 (page 82), a strategy that concentrates on basic visions, core societal goals and mechanisms – rather than getting wrapped up in the details of individual targets – can be more desirable from one political regime to the next.

Challenges, principles and useful frameworks for making strategy decisions

Challenges for decision-making

GETTING A GOOD GRASP OF THE PROBLEMS BEING FACED

It isn't that they can't see the solution, it is that they can't see the problem. (G K Chesterton)

A problem well stated is a problem half solved. (Charles Kettering)

The problem, not a theory nor a style, determines the solution. (Karl Gerstner)

Understanding the problem is the first step to action on sustainable development

Although it seems obvious that decision-makers should have a clear understanding of the nature of the problems to be addressed as the fundamental first step towards action on sustainable development, it is not always the case. How this can be achieved is addressed in Chapter 5 (Analysis) and Chapter 6 (Participation). If problem definition is done well, half the battle of arriving at sensible decisions has been won:

DEALING WITH A WIDE RANGE OF INTEGRATION AND TRADE-OFF CHALLENGES

If our decisions are going to be made in the conventional, one-dimensional way, how can we hope to better a world that is entirely made up of complex linkages? (Ashok Khosla 2001)

It is difficult to bring the complexity of different objectives, levels and stakeholders together in ways that help decision-making ...

Even given good inputs, it can still be very difficult to integrate a variety of different objectives, dimensions, hierarchical levels, stakeholders and the interests of different generations or societal groups – much less to make informed trade-offs between them – where integration proves impossible. The challenges include the following:

- Making trade-offs between *very different objectives and dimensions*: This is the common problem of a lack of a commonly accepted ‘scale’ on which to compare and make choices between options which are as different as ‘apples and oranges’. A good example is decisions for options for poverty reduction as opposed to biodiversity protection. Economic analysis attempts to use money as that scale, but there are very different degrees of willingness to trust prices, particularly when monetary values are estimated for non-marketed environmental or social values, or to interfere with markets to produce a given outcome.
- Making trade-offs between *different spatial levels*: Many issues tend to be complicated by differential effects at different scales. For example, a decision to open up mining in a wild landscape may reduce biodiversity at a local level. But it could also open up beneficial paths for national development and alleviate regional structural employment problems. However, such a trade-off may not be simply

between local environment and national development. At the global level, the mineral being produced may permit a technology to take off, resulting in widespread energy efficiency and reduction of global greenhouse gases.

- Making trade-offs between the interests of *different stakeholders*: Some stakeholders may be affected more than others by a particular decision, or one stakeholder may bear more risk than another. This suggests the importance of identifying key stakeholders, and for government to lead in multi-stakeholder negotiation. It may also be necessary to weight decisions in favour of those who bear costs and risks involuntarily, as opposed to those who do so for entrepreneurial gain.
- Making trade-offs between *generations*: From the very definition of sustainable development, future generations are important stakeholders who, however, cannot speak for themselves. Protecting their interests is fundamental to the achievement of sustainability. This may require decision systems and procedures, from forecasting and modelling to legislation and agreed discount rates on investments, to make their case.

This complexity gives rise to both institutional and methodological challenges. An early one is to determine which value set should take preference in strategy decisions, who should do what in the process and what capacity they need to participate effectively. The methodological challenges concern how to make the decisions, or – preferably – how to negotiate them. There is no universal formula – decisions processes need to reflect a society’s accepted values and cultural norms, and various socially acceptable procedures for negotiation and working towards consensus. There also needs to be an adequate awareness of decision processes at different spatial levels. For example, if a national strategy is being developed, it will need to be sensitive to values and consensus decisions, which have been taken in the international framework, and in local areas.

... and this presents institutional and methodological challenges

DEALING WITH ‘REAL-WORLD’ ISSUES AND AVOIDING ‘PLANNERS’ DREAMS’

Strategies to date have often made decisions in a political, commercial or social vacuum. Current guidelines on strategy development often fail to address problematic aspects of decision-making, even when these guidelines cover most aspects of participation and information requirements (eg GEF guidelines for National Biodiversity Strategies and Action Plans; Carew-Reid et al 1994 on NSDSs). Overall, they give the impression that major decisions can and will be made through brainstorming, provided good information is available and enough stakeholders are involved. At best, they tend to assume that decisions are arrived at through a ‘rational’ process of expert assessments, a series of workshops, document finalization and final government approval (Box 8.1). Such an approach to decision-making has been common in many strategies to date. But it suffers from two major drawbacks:

NSDS processes should be integrated with ‘real-world’ decision-making ...

- The different values held by stakeholders and team members are rarely made explicit.
- Their power bases operate unchecked by outcomes of the strategy process.

In other words, NSDS processes have tended to use decision-making processes that are too technocratic, and often politically naive. In most, if not all, countries, many of the ‘real’ decisions that profoundly affect society and steer the direction of development are essentially and fundamentally political, not technical, decisions. They reflect overtly or implicitly some value sets over others, and they involve many obvious or subtle mechanisms to make the voices of some stakeholders count for much more than others. They may involve ‘behind the scenes’ negotiations, and may use consensus-building processes to particular ends (eg trades union negotiations and making deals with business in privatizing public functions).

... avoid being too technical and ensure political support for the fundamental decisions ...

Box 8.1 Flaws in the conventional route of strategy decision-making

(i) 'Expert' assessments and technical tools have dominated the provision of information for decision-making, notably economics and modelling tools. However, the relevance of these tools and their power to influence decisions are often taken as given and are not open to criticism. Yet it could be argued that:

Every tool carries with it the spirit by which it has been created.' (Heisenberg, 1901–1976).

(ii) **A series of 'workshops'** has been a common procedure to reach 'decisions' – the notion being that getting as many stakeholders as possible around a table will produce the best ideas about how to deal with issues. Whether workshops actually make the best decisions is also open to question. In practice:

Those who show up and shout loudest usually get their way.

'Consultation' and 'consensus-building' are inherently different activities that should not be confused. Both are part of the decision-making and decision-taking processes but, in themselves, do not ensure that decisions, compatible with the principles of sustainable development, will be taken.

(iii) **'Document finalization'** results, ultimately, in one person or a small team effectively becoming obliged to make the final decision. Again, this reality is not always questioned, in spite of:

He who controls the pen controls everything.

(iv) **Final 'government approval'** and decision to proceed with the strategy. There tends to be an assumption that the strategy as a whole should be submitted to the highest levels of government, in spite of increasingly common observations that:

A decade after Rio ... faith in the ability of governments to shift the direction of development through their collective power of decision appears a bit quaint. Governments are no longer expected to take decisions that will 'bring about' sustainable development. (Halle 2001)

There are no easy answers on how to ensure that political decision processes support sustainable development objectives. On the one hand, strategy processes must make use of the 'real' decision-making processes of politics, business and investment, and input mainstream sustainability objectives into them more effectively. People involved in strategy processes need to be constantly aware of the social values that could both guide trade-offs and promote sustainability. On the other hand, there is often a bad legacy of rotten decision-making 'procedures', frequently masked by a technocratic approach, intended to protect the status quo of the powerful. These may need to be dismantled or subtly altered. Similarly, there are anti-sustainability 'values' which need to be challenged – especially by ensuring good communications and promoting the value of transparency.

The long-term implication of this problem is the need for changes in patterns of governance through the continued exercise of strategy decision-making, rather than decision-making perceived simply as efficient multi-factorial 'project design'. The strategy process may typically start off by being hampered by inadequate decision-making structures and value systems and by the exclusion of marginalized groups from decision-making. But the strategy itself should be seen as a principal means to develop governance processes that bring sustainability and relevant social groups into the mainstream of decision-making. At the national level, this implies recognition that the strategy will experiment with new approaches to decision-making. Here, one role for both states and multilateral organizations is to encourage discussion and eventual adoption of a universal, normative framework of rights and sustainability principles that should guide future decisions (page 261).

... and work towards long-term changes in governance that will bring sustainable development into the mainstream

ACHIEVING CONSENSUS ON THE VAST RANGE OF SUSTAINABLE DEVELOPMENT ISSUES

According to the Earth Council (2000), a major constraint to evolving strategies being developed by the NCSDs in Burkina Faso, Canada, Honduras and Uganda, was an inability to achieve consensus on sustainability issues. Part of the problem is that sustainable development covers such a multiplicity of interrelated topics that practically no one can get a grasp of (or even cares about) the whole agenda. It is easier to be clear about the values being brought to bear in a very specific case; for example, a development decision to remove natural forest for pulp plantations or a decision to introduce carbon taxes. If people do have a broad grasp of the agenda, their positions may be extreme, such as a 'cornucopian' approach, which believes in the potential for technological triumph versus a 'doomsday' belief in inevitable ecological and societal collapse.

In the absence of consensus, knowledge about what can possibly and practically be achieved is an essential ingredient in the decision-making process. For example, while it may be sensible to explore the inconsistencies between a government's existing sectoral policies and sustainable development principles, this may be counter-productive as a result of being perceived as negative/critical. Investment in the development of a replacement strategy that bypasses the deficiencies of the existing arrangements may, at times, be the only way forward. This was witnessed directly in the conduct of a strategic environmental assessment in the North-West Region of Botswana, which focused on the minimization of risk in controlling major cattle diseases (Ralph Cobham, personal communication).

Principles and frameworks for decision-making

GOOD DECISIONS SHOULD BE BASED ON ACKNOWLEDGED VALUES

Values invariably condition strategy decisions, whether expressed overtly (eg in constitutional rights, principles or codes of practice) or implicitly in the decision. Those values that predominate not only determine the outcome of decision processes, but also the acceptability of the decisions to various stakeholders, and thus the likelihood of their implementation. Arriving at a workable consensus on a value system to underpin sustainable development is one of the most challenging areas of NSDSs and one where considerable further attention is required.

There are two broad dimensions to the issue. First, given the trans-border and regional nature of many tasks of sustainable development and the global reach of multinational corporations (for good or bad) and international agreements, there is the need for a shared ethical system which transcends national boundaries and cultures, and yet can also find resonance and expression in local cultural systems (the latter is discussed in the next section). Second, there is a need to consider issues of international equity, which, for example, currently bedevil debate over implementation of the Kyoto Accord.

These are large issues that can only be touched on here. The first is addressed by Carley and Christie (2000b):

Underpinning organizational and institutional constraints to sustainable development ... is the failure to develop a consensual philosophy of resource conservation that enables us to devise workable solutions to the challenges of managing 'the commons'. By consensual, we mean a philosophy which bridges nations and cultures and, perhaps more difficultly, which links the interests of the world's rich, poor and middle-income residents in a common concern for resource conservation. Such a philosophy would also have to link ethical concerns about intergenerational equity and social justice to quantitative and qualitative systems for allocating opportunities for resource harvesting on the basis of scientific assessments of the carrying capacity of ecosystems.

Society's values condition strategy decisions and their acceptability ...

... so seeking consensus and addressing ethical concerns is very important

The second aspect of the issue is pinpointed by Cable (1999):

Perhaps one of the most difficult of all the ethical issues is international inequality. It is also one of the most pressing since some important international agreements, notably those related to the environmental 'commons', hinge upon achieving a shared sense of a fair distribution of obligations and benefits. This issue has lurked at the back of international relations throughout the post-war era.

A strategy process must reflect local values and work through existing national and local decision-making frameworks

STRATEGY DECISIONS SHOULD REFLECT LOCALLY ACCEPTED VALUES

Local value systems are also vitally important as a basis for a national strategy. If the strategy does not reflect local values, it is unlikely to be 'owned' or implemented, even if its decisions appear logical, interesting or scientifically sound. Consequently, a strategy process needs to identify and articulate, where necessary, the normative framework for decision-making. It should begin with the existing national/local value basis on which decisions may be made. This will include formal and informal values expressed through, for example:

- constitutional guarantees;
- property rights;
- democratic rights;
- major provisions of economic, environmental and social legislation;
- existing sustainable development programmes (if actually implemented);
- related political values, especially those held in common by major parties;
- local knowledge frameworks embodying uncertainty, experience and values;
- traditional cultural systems;
- religious beliefs.

A good starting point is to review which existing public policy goals have helped sustainable development

It will not always be easy to capture the 'spirit' with which strategic decisions have been made locally. Participatory approaches can offer both politically desirable and analytically rigorous means of uncovering the more informal values (ESRC 1998). The most reliable basis would be to identify a *hierarchy of existing public policy goals*, each with a precedent, which can be shown to have helped sustainable development. For example, in many countries, certain human rights tend to come first. This has helped in reaching decisions by excluding development options that deny the rights of some groups in society, even if they might help to fulfil those of others.

Conflicts over values cannot always be completely resolved – the strategy should not hide this reality

Mediating between conflicting value systems is a major challenge. For example, in some countries, the tradition is that local people freely cut trees, but this practice, which may or may not be sustainable depending on the regeneration capacity of the ecosystem, may run counter to national legislation. In other countries, legislation may allow livestock to freely graze, or fishing in all waters, but local custom may impose some restrictions on who can do what and when. Multi-stakeholder strategy processes may help to overcome such conflicts, but there are always likely to remain some situations where conflicts over values cannot be totally resolved, where some individuals maintain intransigent positions with immovable views.

⁵ A major challenge is that definitions/interpretations of justice differ. The continuing conflicts in many areas of the world (eg in Northern Ireland and between the Israelis and Palestinians) suggest that even the basic right of self-determination is problematic.

STRATEGY DECISIONS SHOULD REFLECT GLOBAL VALUES

This is necessary partly because there is an international ‘footprint’, or impact, of national actions, and the means to address these impacts need to be decided in ways which are universally just and sound, or in accord with some ethical framework, as discussed above.⁵ But it is also necessary because a given society’s value set itself may need to *evolve* – or at least be *challenged* – to promote sustainable development. Precedent and the existing hierarchy of local values offer an expedient basis for decision-making, but they may not reflect what should be modernizing aspirations of contemporary society.

However, there also needs to be clarity, transparency and widespread participation in any process by which ‘new’ values are introduced into decision-making frameworks. It is, therefore, instructive and necessary for future-oriented NSDSs to consider the *universal normative framework* which is emerging internationally (Box 8.2) – particularly so because its emergence is, in large part, a response to issues of environment, development and equity.

It is not surprising that there are a number of alternative sets of principles to guide decisions, both local and international, but how are ‘meta-decisions’ taken on which set or sets to guide subsequent decision-making processes? A diagnosis of the current hierarchy of public policy objectives (above) might reveal areas that need strengthening. The decision-making framework used by the World Commission on Dams – based on rights, risks and negotiation – is highly instructive in this regard as it pulled together a coherent set of principles from international practice (Boxes 8.5 and 8.13). The fact that the World Commission on Dams has provided this framework reflects the widespread dissatisfaction over several strategic decisions taken concerning the development of large dam projects, including several in China, India and Pakistan.

Decisions should consider the impact of national decisions

Strategies need to address new global values introduced by the emerging universal normative framework

The framework used by the World Commission on Dams is instructive

Box 8.2 The emerging universal normative framework

Human rights, expressed in the 1947 Universal Declaration of Human Rights (www.un.org/Overview/rights). This covers rights to: self-determination; consultation; democratic representation; remedy; and an adequate standard of living. It also covers freedom from arbitrary deprivation of property and from violence; and freedom of thought, conscience, religion and expression. It promotes the right to a social and international order in which these rights can be fully realized. Being expressed in law, human rights offers, as the report of World Commission on Dams (2000) has put it, ‘a principled basis for mediating development choices among competing interests’.

Development rights, expressed in the 1986 Declaration on the Rights to Development (www.unhcr.ch). This moves beyond the sphere of individual human rights to address relationships between actors and the state, and specifies responsibilities in applying a human rights approach to development. It promotes the right of people to exercise full sovereignty over their resources, rights to participate actively, freely and meaningfully in national development, and rights to fair distribution of the benefits. It promotes certain good governance criteria, such as the rule of law, accountable bureaucracies and freedom of information. It defines limits to state authority (ie through adherence to the framework of international conventions). A number of development agencies have expanded on this rights framework to suggest the need for a rights-based approach to development, where civil, political, economic, social and cultural rights are, in effect, indivisible. They promote rights to education, health care, livelihood, and so on.

The Rio Principles on integrating environment and development, expressed in the 1992 Declaration on Environment and Development (www.unep.org/Documents). This accepted that the environment was fundamental to human well-being, and that its management for advancing human goals was a central task of governments and the international community. The 27 principles include: the notions that people are at the centre of concerns for sustainable development (Principle 1); the right to development provided that it is met in an equitable way that considers future generations (2); the importance of integrating environmental concerns into the development process, but also forming a central feature of that process (4); participation in decision-making (10); state compensation for victims of environmental damage (13); the precautionary principle to be adopted by states according to their capabilities (15); and the importance of indigenous people and local communities in environmental management and development (22). The effect of these principles has been strengthened further by their inclusion in various UN agreements, from the legal to the operational, including Agenda 21.

'Integrating environment and development in decision-making' is particularly significant for NSDSs. It is a key principle of the UN Commission for Sustainable Development, and progress is regularly addressed in CSD sessions in two broad areas: development of integrated NSDSs (the lack of progress in which has regularly been cited as a major problem); and valuation, natural resource accounting and other forms of integrated economic/environmental accounting.

The International Development Goals – an integrated set of economic, social and environmental goals for sustainable development, selected by the OECD DAC (see Box 2.7, OECD DAC 1997 and www.developmentgoals.org).

The Millennium Development Goals – set out in the Millennium Declaration, signed by 187 world leaders at the UN General Assembly on 8 September 2000. Among these is the goal 'to integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources', for which NSDSs are an acknowledged mechanism (www.un.org/millennium/declaration/ares552e.htm) (see Box 2.10).

Other sustainable development principles are becoming established in international law, principally through the framework of Multilateral Environmental Agreements. These include (see also Chapter 5):

- *The precautionary principle* – if there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation.⁶
- *Polluter pays* – those who generate pollution and waste should bear the costs of avoidance, containment and/or abatement.
- *User pays* – the users of goods and services should pay prices based on the full life cycle of costs, including the 'externalities' connected with use of non-marketed natural resources and assets and the ultimate disposal of wastes.
- *Inter-generational equity* – the present generation should maintain or enhance capital and keep development options open for future generations (see 'strong and weak sustainability' below).
- *Intra-generational equity* – the lessening of inequality in the current generation as a primary goal of development. However, this is often interpreted differently – usually as elimination or alleviation of poverty (as in the International Development Goals, see Box 2.9) but also as equal shares for all (as in calls by many developing nations for equal 'eco-space' rights in carbon emissions).
- *Free, prior and informed consent* of groups to changes such as development plans. This has been given legal standing in the Draft Declaration on the Rights of Indigenous Peoples and in Conventions 107 and 169 of the ILO.
- *Helping (involuntary) risk-bearers to participate in decisions as well as risk-takers (government, investors)* – precedents in this area are just starting to emerge through the work of the World Commission on Dams (Box 8.4).

International comprehensive sets of sustainable development principles: To the above growing list may be added sets of principles associated with particular international initiatives. These have been promoted precisely because they offer a comprehensive set of principles to aid decision-making for sustainable development. They may include many of the above. Key examples are:

- the IUCN/UNEP/WWF 'Caring for the Earth' principles (IUCN/UNEP/WWF 1991);
- the Earth Council's Earth Charter (www.earthcharter.org);
- the UN Global Compact principles (three principles from each of Human Rights, UNCED and ILO labour convention) (www.unglobalcompact.com);
- the OECD DAC principles for Strategies for Sustainable Development (Box 3.1); this offers key principles on the institutions, processes and systems required for sustainable development (transparency, accountability, comprehensive, integration, participation, consensus, capacity, demand-driven from bottom-up, etc).

Constitutional commitments to protecting the environment and for sustainable development. Already, more than 60 national constitutions in the world recognize at least some responsibility to protect the environment (Box 8.3 provides examples from Southern Africa). Enshrining such rights in constitutions is one thing; guaranteeing them is more difficult.

⁶ Blanket use of the *precautionary principle* has tended to obscure a range of very different levels of uncertainty. Unless used in a way which distinguishes between low and high probability risks, there is a danger that the principle will be seriously devalued or will result in unwarranted discrimination, for example, in trade terms.

STRATEGY DECISIONS SHOULD REFLECT RISK AND UNCERTAINTY

Decision-makers need to be able to cope with the long-term horizon of sustainable development, with unknowns in stakeholder reactions to decisions, with unknowns in science and with unforeseen changes in social and market systems. Different political systems, livelihood systems and businesses have their own ways of dealing with uncertainty and will exhibit different attitudes to risk. Many of them will have developed useful sources of resilience. These provisions need to be identified, discussed and assessed in relation to the frequently increasing levels of uncertainty. Existing approaches may not be adequate. They may be supplemented by a number of approaches that have helped in strategies elsewhere:

- *Assessment and ranking of risk.* Comparative risk assessment was developed in the USA as a tool to help decision-makers rank priorities among many risks. It involves the collection of data, use of statistical techniques and presentation of relative risks to stakeholders (see first paragraph in Box 8.5). Often, however, it has tended to focus on current risks rather than emerging trends. The risk assessment is a separate process from the priority setting (which then brings together risk-based and non-risk based criteria and can use a variety of methods from negotiated consensus, to formulae, to voting).
- *Involve research and information networks.* As noted in Chapter 5, it is remarkable how much policy is made without an informed approach to science and market/social trends. Support to research institutions and ‘think tanks’ and to their interaction with strategy stakeholders can help to generate an informed approach. It may also be necessary to agree a formal role for such institutions in providing best judgement on emerging issues.

Sustainable development is a long-term business ...

... and the risks and uncertainties need to be assessed

FORMAL METHODOLOGIES FOR DECISION-MAKING CAN HELP, BUT HAVE LIMITATIONS

Many *analytical* methods, which can provide useful information for good decisions, were discussed in Chapter 5, such as strategic environmental assessment. Here, we introduce a few formal *decision-making* methods and frameworks. On the one hand, they have an important role to play in fostering intelligent treatment of complex issues – through structuring information, presenting possible options and highlighting issues for which trade-offs may need to be made. On the other hand, no formal method can be relied on as the primary means to assess choices and make trade-offs for sustainable development, not least because:

- each type of formal method is based on series of assumptions, which themselves represent value judgements about the way in which development ought to unfold, and about what priorities ought to hold;
- each method represents a simplification, or model, of a complex, highly interactive reality and is only a partial representation.

Formal approaches can be used to make decisions ...

Decision theory Decision theory tends to be highly complex. However, at its basic level, it involves a few, simple steps:

- an intelligence phase, collecting information to understand a problem;
- a design phase in which alternatives are explored by building models and assessing possible consequences by altering variables in the model;
- a choice phase, in which the alternatives are weighed up against given criteria.

... from the theoretical, with assumptions that need careful assessment

Box 8.3 What some Southern African constitutions say about the environment

Malawi: Article 13 of Chapter III (Fundamental Rights) commits the State to actively promote the welfare and development of the people of Malawi by progressively adopting and implementing policies and legislation aimed at, inter alia, managing the environment responsibly in order to 'accord full recognition to the rights of future generations by means of environmental protection and the sustainable development of natural resources'.

The State also has an obligation to prevent the degradation of the environment; provide a healthy living and working environment for the people of Malawi; and conserve and enhance the biological diversity of Malawi.

While the new constitution is not specific about environmental rights per se, Article 30 (2) states that the:

State shall take all necessary measures for the realization of the right to development. Such measures shall include, amongst other things, equality of opportunity for all in their access to basic resources, education, health services, food, shelter, employment and infrastructure.

Mozambique: The constitution obliges the State to promote efforts to guarantee the ecological balance, and the conservation and preservation of the environment, seeking to improve the quality of life for citizens. Article 72 (Fundamental Rights, Duties and Freedom) states that Mozambican citizens

shall have the right to live in a balanced natural environment and shall have the duty to defend the same.

Article 80 further provides an opportunity to citizens to compel the state to protect their environmental and other rights. It states that

all citizens shall have the right to present petitions, complaints and claims before the relevant authority to obtain the restoration of rights that have been violated, or in defence of the public interest.

Namibia: Article 95 (Promotion of the Welfare of the People) refers to the maintenance of ecosystems, essential ecological processes and biological diversity of the country, and utilization of living natural resources on a sustainable basis for the benefit of all Namibians, both present and future. In particular,

the Government shall provide measures against the dumping or recycling of foreign nuclear and toxic waste on Namibian territory.

South Africa: Widespread provisions are aimed at ensuring a healthy environment. The constitution stipulates that 'every person shall have the right to an environment which is not detrimental to his or her health or well-being'. Section 175, Sub-section 3, extends this right to local governments:

A local government shall, to the extent determined in any applicable law, make provision for access by all persons residing within its area of jurisdiction to water, sanitation, transportation facilities, electricity, primary health services, education, housing and security within a safe and healthy environment, provided that such services and amenities can be rendered in a sustainable manner and are financially and physically practicable.

The constitution also provides for the restitution of land rights.

Source: Adapted from Chenje (1995)

Taking these steps requires a standardization of values in order to compare options on a single scale (commonly money or probability of events). The standardized values are then aggregated to form the basis for a judgement – through decision support tools such as factor analysis or multi-criteria analysis (below). A favourable decision is advocated if the aggregate values exceed a given threshold. While decision theory can help in some engineering or land use planning decisions, for example, it is also based on assumptions that may not hold in consideration of complex issues of development and social change. Among the problematic areas are: poor measurability of variables, lack of knowable relations between variables, the difficulty of objectivity in calculation, and the utility of aggregation.

Box 8.4 The decision-making framework of the World Commission on Dams: ‘Recognition of rights and assessment of risks as the basis for negotiated decisions’

The mandate of the World Commission on Dams (WCD) is highly pertinent to NSDSs – balancing local environment and development needs, and balancing these in turn with needs at the national and regional levels. The WCD recognized the dilemmas that governments face when trying to satisfy urgent national development needs and, at the same time, advance the realization of fundamental rights. It noted how, in the face of these dilemmas, the ‘public interest’ is shifting from one which placed a premium on economic growth interests to one that places more weight on the rights and interests of people and communities affected by development, and the risks they (often unwillingly) bear. The WCD judged that the value basis for making decisions needed to broaden accordingly:

The traditional balance sheet approach of assessing costs and benefits is inadequate for effective development planning and decision-making ... Such trade-offs neither capture the complexity of considerations involved nor can they adequately reflect the values societies attach to different options in the broader context of sustainable development ... [Furthermore], traditional practice is to restrict the definition of risk to the developer or corporate investor. By contrast, a far larger group often have (sic) risks imposed on them involuntarily and managed by others ... [In] the case of future generations and the ecosystem ... these ‘risk bearers’ cannot speak for themselves, even if the risks they face are acknowledged.

As a recent initiative, the WCD sought to assess the growing range of international normative frameworks now available to address these issues. It proposed a framework that would be consistent at the global level but allow for local differences. Consequently, the WCD decision-making framework is based on ‘a rights based approach where recognition of rights and assessment of risks (particularly rights at risk) provides the basis for negotiated decisions on dams’.

The WCD suggests that demonstrable public acceptance of key decisions is essential, and that this acceptance emerges from recognizing rights, addressing risks, safeguarding the entitlements of all groups of affected people, and ensuring agreements are negotiated in an open and transparent process conducted in good faith, with informed participation and free, prior and informed consent. It notes how a multi-stakeholder forum can facilitate this. For actually making decisions, the WCD proposes five values of equity, efficiency, participatory decision-making, sustainability and accountability. It applies the precautionary principle in relation to risk.

Source: World Commission on Dams (2000)

Where there is difficulty in modelling decision-making processes – which is frequently the case for sustainable development issues – there is a tendency to rely on particular individuals to take the necessary judgements (what those involved in decision theory dress up as ‘human-based decisions’, as if there were any other). In some, simpler cases, a small number of people may have the capacity to weigh alternatives and recognize a good outcome, even if they cannot articulate the reasons for it. However, everyone embodies some value system which they apply to sustainable decisions. Where people from many backgrounds need to work together to arrive at consensus, conflicting values need to be made apparent, and agreed value sets defined (above) (Hall, undated).

Decision support tools Decision support tools can help with some aspects of sustainable development decisions, particularly if it is recognized that they support, or help with, decisions, but do not make those decisions. For example, regulators and planning inspectors act as referees and face a series of repeated decisions in which issues of consistency and uniform criteria arise. Consistency should be based on relevant values and principles, and should be transparently applied. But decisions can also be aided by ‘off-the-peg’ tools that are scientifically respectable, professionally justifiable and socially acceptable. Some of these are software-based:

- *Computer-aided design (CAD) and geographic information systems (GIS, Box 5.10) have proved to be of value for spatial planning.*

... to standard planning tools, which often simplify reality ...

Box 8.5 Risk-based priority setting**Risk ranking**

In risk ranking (environmental) problems are assessed on the basis of three types of risk: human health risk, ecological risk and quality of life risk, including adverse economic and social impacts. Environmental problems are assessed and ranked within a common framework that allows for comparisons between problems. Specific steps and formulas for assessing risk have been developed for each of the three types of risk.

Priority setting

In the priority-setting step, the information gathered through risk analysis is presented to stakeholders and decision-makers to augment, but not to replace, people's values, concerns and judgements in setting priorities. Stakeholders are invited to set priorities based on an analysis of both risk and non-risk factors. Priorities may ultimately differ from the risk ranking, owing to such non-risk factors as cost-effectiveness, technical feasibility, public perception and resources available.

Three activities are commonly used in risk-based priority setting: negotiated consensus, voting and formulas. These tools range from being relatively unstructured to being very systematic.

Negotiated consensus is the least structured priority-setting method and involves open discussion to analyse and discuss data, values and uncertainties. The following steps are generally followed: review data; solicit proposals for how individual problems should be prioritized; discuss objections or alternatives to proposals; discuss and debate unresolved objections; and establish final priorities.

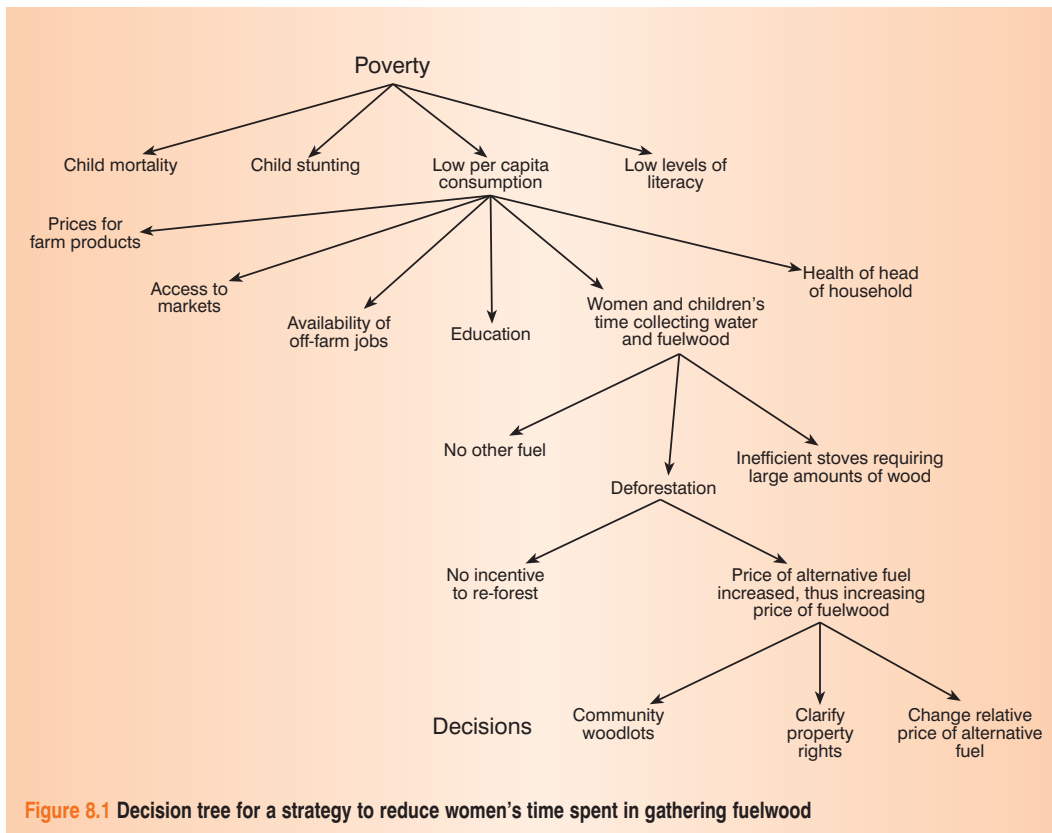
Voting to establish the majority's will is the approach used if there are unresolved disagreements about problems or projects. The majority can be defined by the decision-making group (eg 51 per cent, 66 per cent, and so forth). There are at least three voting methods – secret ballots, open voting and multi-voting.

Formulas are used to break environmental problems into parts, evaluate each of these parts mathematically and recombine the parts to produce an output. Priorities are determined based on resulting scores assigned to each problem. There is a wide variety of formulaic approaches to priority setting. Weighted scoring is commonly used in comparative risk and involves five steps:

- | | |
|--------|---|
| Step 1 | Identify criteria for evaluating risk. |
| Step 2 | Score each problem for each criterion. |
| Step 3 | Assign weights to each criterion. |
| Step 4 | Multiply the criteria scores by the weights and add the results to produce a total score. |
| Step 5 | Rank problems according to total scores. |

Source: ICLEI (1996a)

- *Life cycle analysis* can help link particular production systems with multiple sustainability issues and different institutional responsibilities.
- *Risk assessment* can help with planning major developments (point (d) above).
- *Knowledge-based systems* can 'capture' expertise and turn data into useful information for decision-makers.
- *Multi-criteria analysis (MCA)* is widely thought to be more conducive to an approach that hinges on stakeholder participation as much as technical analysis, as it emphasizes political decisions.
- *Decision trees* (Figure 8.1) provide a structure in which alternative decisions and the implications of taking those decisions can be laid down and evaluated. They assist the formation of an accurate, balanced picture of the risks and rewards associated with each choice. The objective should be to make the choices and degree of uncertainty explicit at each stage, as a way to improve stakeholder input and transparency into the decision. Where possible, numbers might be allocated to each of the arrows in the diagram (cost-benefit ratios, ranking, etc). See Chapter 5, page 149 for more information on causal diagrams, problem and decision trees.



However, all of these tools tend to side-step the challenge of assessing trade-offs and making difficult choices. Even MCA basically 'passes the buck' to the stakeholders who are expected to decide how to trade off progress on one criterion against negative change in other criterion. In effect, it is cost-benefit analysis without monetization. These approaches are more or less reductionist in that they simplify reality with more aggregated approaches losing information as aggregation proceeds.

Not surprisingly, there remains a continued search for decision support systems for sustainable development that can bring these disparate tools and associated information together, especially if it is also conducive to a stakeholder-led approach. A recent conference organized by the Canadian-based International Development Research Centre to assess needs for decision support systems concluded that the most useful kind of system should comprise knowledge-based systems, GIS and modelling, with multiple language capabilities (Hall, undated). The Economic and Social Research Council (ESRC) agrees that an integrated system would be useful, but stresses that we should not become slaves to it (ESRC 1998).

'Strong' and 'weak' sustainability Making use of a concept of 'strong' sustainability can help with certain decisions, by restricting the range of options that need to be considered. For example, its principles forbid trade-offs involving certain forms of 'critical natural capital', which it demands are passed undiminished to succeeding generations. This capital might include, inter alia, national parks or other lands of high biodiversity value, wetlands and other ecosystems providing vital life-supporting functions such as nutrient recycling. The rationale is that these values are irreplaceable. The difficulty comes, of course, in identifying the boundaries of 'critical' natural capital: which biodiversity, for example, is 'critical' as opposed to merely 'valuable'? Another difficulty is that denying the possibility of substitution implies that certain types of capital have 'absolute' value, greater than any other objective or consideration. This is often hard to reconcile with a people-centred approach to sustainable development.

... and avoid making hard choices ...

... to limiting the range of choices to be considered

The alternative concept of *'weak' sustainability*, on the other hand, allows substitution of different forms of capital – natural, physical, financial, human and social. Its principles demand that equivalent or increasing amounts of capital are passed to subsequent generations, but allow the form of this capital to be interchangeable (still a very hard test for most existing societies to meet!). Thus, potentially the concept allows the removal of, say, tropical rainforest on the basis that it might provide farmland for sustained food production or financial accumulation that would permit improved education. The difficulty here is in comparing these 'apples and oranges' and in ensuring that technically feasible substitutes for natural environmental benefits actually emerge in practice.

Institutional roles and processes for strategy decisions

The strategy's institutional framework must help and support decision-making

Enabling institutional frameworks are needed to be able to undertake and coordinate the broad scope of decisions required (page 253), and to apply the principles of sustainability to all such decisions (page 258).

Five institutional initiatives are required, namely:

- establishment of multi-stakeholder structures (discussed below);
- the provision of facilitated workshops (page 272);
- the pursuit of full/partial consensus (page 272);
- the development of guidelines for negotiating sustainable outcomes (page 276);
- the adoption of a step-wise, evolutionary approach towards achieving coherence between sectoral policies (page 280).

Those who develop and take decisions have different roles

To begin with, however, a clear distinction needs to be made between two groups involved in the whole process of strategy decision-making, and their respective responsibilities:

- The *decision-developers* are normally groups of professionally and technically experienced people (eg members of a sustainable development secretariat or council), who collectively have the responsibility to reflect and coordinate the needs and aspirations of the full range of legitimate interest groups. Their roles are usually *advisory*. While, for the most part, the organizations involved are likely to be nationally or locally based, there are clear examples of external bodies that have had an important impact on the decision-making process: for example, international and regional banks, multinational aid agencies, bilateral donors and international NGOs.
- The *decision-takers*, usually recognized as being central and local government politicians and members of the boards of large national and multinational companies, bear *ultimate responsibility* not only for the decisions that are taken, but also for the ensuing impacts.

Close interaction and cooperation between the decision-developers and decision-takers is essential to ensure that the interests of all stakeholders are both recognized and balanced. Otherwise there is a risk that decisions will be 'skewed' to reflect one or more special interest group. A primary function of the decision-developers is to exclude bias from the decision-taking process, thereby easing the task of the decision-takers.

Multi-stakeholder structures for decision-making

Some form of multi-stakeholder structure, with linked tiers at decentralized levels where appropriate, is essential to strategy decisions, as discussed in Chapter 4. Such a structure needs to operate over a longer term as a basis for exploration, development and normative clarification of both *the values and the procedures* that will be brought to bear in decisions. Useful guidance on multi-stakeholder processes has been produced by the UNED Forum (2001) (described in Chapter 6).

Box 8.6 Diverse mandates, structures and composition of National Councils for Sustainable Development (NCSDs)

Mandates

Most NCSDs have been assigned multiple functions and have varying degrees of authority to implement their tasks. Consistent themes in most mandates include:

- providing forums for debate on development issues which render advice and recommendations to decision makers;
- developing (and sometimes implementing) national policies and plans;
- coordinating and harmonizing action plans;
- capacity building of key bodies;
- monitoring broad progress towards sustainable development;
- raising public awareness as an important activity.

The NCSD may also have a significant regulatory and supervisory mandate, as in Uganda and Uzbekistan. However, the scope may be somewhat more limited than the broad sweep of sustainable development: for example, Romanian and South African NCSDs focus on environmental issues.

There are nearly as many procedures for creating NCSDs as there are NCSDs, ranging from legislation to government decrees to private sector initiatives. The first NCSDs were set up in the Philippines and Dominican Republic, and their experiences soon proved that legislative support was necessary for NCSD continuity, to ensure clarity in the competence of the NCSD vis-à-vis other governmental agencies and civil society organizations, and thus to avoid duplication of efforts and clashes. NCSDs in Canada, Cuba, Malawi, Mexico and Uganda are also functioning through legislation.

Organizational structures

The organization of NCSDs varies widely and is still evolving to meet the changing needs of the sustainable development agenda:

- The most important and common component of an NCSD is its *multi-stakeholder assembly*, which includes representatives of different groups and sectors and usually meets at regular intervals.
- Several countries have adopted a flexible approach that provides for the formation of *specialist committees or working groups* and the employment of outside experts as the need arises. These committees undertake most of the technical work of the NCSD, such as preparing documents and reports for consideration of the multi-stakeholder assembly. For example, the Dominican Republic's NCSD has eight thematic committees.
- Some countries also have *regional councils or branches*. For example, Mexico has four regional councils, which have authority to create separate regional structures.
- A *secretariat* often serves as the administrative or technical support to the NCSD. These can be either part of the ministry in which the NCSD is based, such as in Estonia, or independent as in Belgium, Finland, Nicaragua and Canada. In the Philippines, the NCSD is served by a secretariat made up of two independent components, one to coordinate government activities and give overall technical and administrative support, and another to coordinate activities and inputs from civil society. In El Salvador, an executive committee exists to oversee the execution of the activities by the secretariat, as agreed by the stakeholder assembly. Uganda has developed a unique multi-tiered structure involving a secretariat-like implementing body, which receives work from an environmental policy committee and board of directors. These bodies in turn receive advice from technical committees and environmental liaison units within government departments, NGOs and the private sector. This encourages greater collaboration with the NCSD. In this way, the Uganda NCSD meets many of the NSDS process principles (Box 3.1).

Membership

The *chair* of the NCSD is a significant position. She or he usually reports to a high-level position in government. The chair is also usually at a very high level:

- The NCSDs of Burkina Faso, Estonia, Finland, Honduras, Kyrgyzstan, Mongolia, Panama, Philippines, Uganda and the USA are chaired by, or report directly to, the head of state.
- Many countries have chairpersons holding government positions at ministerial level or higher. NCSDs in the Dominican Republic and El Salvador are chaired by the vice president, and in Uzbekistan by the deputy prime minister. A state minister (often of environment) chairs in Cuba, Hungary, Mexico, Niger, Norway, Philippines, Russia and Senegal.
- Other NCSDs are chaired by a well-respected independent person.

The composition of *members* varies. In most countries, the stakeholder groups represented in the NCSD are determined by an executive or legal mandate.

- A balance between government, civil society and the private sector is often required, as in Belgium, Finland, Indonesia, Nicaragua, Malawi, Mexico, the Philippines, Senegal, Slovak Republic, the United States and El Salvador.
- The NCSDs in Canada, Switzerland and the UK differ in that they do not have any government representatives. Members include opinion leaders from different regions and sectors of society; business, labour, academia, NGOs and (in Canada) indigenous peoples.
- In contrast, in Uzbekistan and South Africa, the NCSD is composed entirely of government representatives.

The procedure for *selecting representatives* varies among countries. For approximately a third of NCSDs, the head of state appoints all NCSD members. In many cases, the government representatives are appointed by the government and non-government representatives by their own groups or constituencies. In El Salvador, representatives of the NGO sector are appointed by the president, based on candidates nominated by the different groups represented in the council. Representatives are usually expected to consult with and speak for their constituencies.

Source: Earth Council (2000)

National Councils for Sustainable Development take many forms

Workshops can be key milestones in the process of reaching decisions

Consensus processes are integral to most strategy decisions ...

... as a valuable basis for agreement ...

The last ten years has seen much experience of the national fora loosely termed NCSDs. However, NCSDs have taken many different forms (Box 8.6, see also Box 3.14 and Table 3.2). Box 8.7 brings together some best practice from the last ten years.

Facilitating decision-making through workshops

In multi-stakeholder processes for sustainable development, workshops are inevitably important for explaining the basis for, and agreeing, key decisions. Recognizing also that they have limitations – all too frequently short-cutting good decisions (page 258) – the UNDP-GEF Biodiversity Planning Support Programme has developed useful guidance (Box 8.8).

Consensus

The term ‘consensus’ is increasingly being used in the context of sustainable development but is interpreted in many different ways (Box 8.9).

A strategy with a broad base of support requires consensus among all participants. Consensus needs to be built concerning the strategy’s objectives, principles, issues, vision, priorities, policies and actions. Consensus can be a particularly valuable basis of agreement for strategies, because no participant can be outvoted. All participants are therefore obliged to do their best to accommodate each other’s interests, to compromise, to reach agreement where possible and to identify issues remaining contentious to be resolved later.

As Box 8.7 on NCSDs suggests, working to achieve full consensus is desirable in NSDS multi-stakeholder fora, because the power of these fora derives not from their executive or legislative roles, but from the unique opportunity to create agreements by bridging what may be deep divisions in society.

Box 8.7 Best practice decisions in NCSDs

It is not easy for a multi-stakeholder NCSD to achieve agreement on the difficult and important issues of sustainable development. Often it is the divisions on those very issues among the stakeholders that have prevented good decisions in the past. It is inevitable – and necessary – that NCSD members bring those differences to the council table. It is also essential that they find means to resolve those differences. The 1999–2000 review of NCSDs pointed to common approaches that have built trust and created the basis for agreement:

Operating by consensus (see page 272): Broad agreement (but not necessarily unanimous consensus) has been found to be slower and more difficult than resolution of issues by majority vote. But – since NCSDs are neither executive nor legislative bodies – divided decisions are relatively meaningless because they simply replicate the disputes that divide society as a whole, without offering resolution. Indeed, where this has occurred, it has sometimes hardened that division. The power of the NCSD is derived not from the power to require others to act, but from its unique opportunity to create agreements that enable and persuade others to act – and which would not otherwise have occurred. Consensus is needed to cross the boundaries of old disagreements that have obstructed sustainability. Where NCSD members may have a history of mistrust and conflict, consensus building is also an effective means for building understanding, trust and an emerging set of values conducive to sustainability. It treats each member as equally important, and requires all members to understand one another.

Fair process: Members must be assured that they have an equal opportunity to express their views, to participate in meetings, to review drafts, to have access to information and to contribute to decisions. For those without adequate resources, they should have access to staff support and financial assistance. Thus, a clear and agreed set of rules is needed to ensure that the NCSD's proceedings are fair and balanced.

Transparency: Part of fairness is assuring that the NCSD's own practices are transparent, both internally and externally. All members need to know what is being said and agreed, and the public need the opportunity to learn about and comment on the NCSD's activities (some NCSDs have provision for public participation).

Engagement and problem solving: Disagreements stem from strongly held values and ideas and significant sectoral interests. Resolving them requires engagement, persistence, good faith and – often – dispute resolution skills. Members need to show up for meetings and need to see that there is real benefit for them in overcoming disagreement. Access to group facilitation, negotiation and dispute resolution skills has been useful.

Source: Earth Council (2000)

Consensus processes are also a good means for building understanding, trust and an emerging value set for sustainability, and for developing commitment to implementation of the strategy. The real differences between stakeholder consultation and consensus building need to be well understood from the outset. The former can never be a surrogate for the latter, as was only belatedly recognized in the process chosen to formulate the NCS in Botswana. The process addressed major sustainability issues and was partly responsible for an additional 12 months being required before the Government of Botswana was ready to approve the NCS.

The consensual approach is quite different from the typical adversarial approach of parliamentary politics and law, the latter usually being based on majority rule – which often leaves a significant minority both dissatisfied with the outcome and potentially alienated from the decision-making process. It is also different from top-down administration, which tends to impose decisions (Carley and Christie 2000a).

Consensual approaches may be unfamiliar to many people, and there may be unrealistic or unclear expectations about both the 'broader interest' they are seeking and the methods they employ. So it is important to agree a set of rules concerning the process of working towards consensus early in a strategy process. For example, there are big differences between 'unanimous' consensus and 'majority' consensus, each with significant implications for strategy decisions. In Canada, for example, the Negotiated Rule-Making Act defines consensus as 'unanimous concurrence among the interests represented on a negotiated

... and for building understanding, trust and commitment ...

Consensual approaches may raise unrealistic or unclear expectations, so process rules are needed

Box 8.8 Workshops as a means to find decisions, not pre-determine them

Even though much of the information collection, analysis and consultation will have been done by a relatively few people, the way that it can be presented to stakeholders will help them to play a significant part in strategy decisions. Workshops are helpful mechanisms here, to involve stakeholders directly in translating findings into objectives. A typical presentation that can be put by the NSDS secretariat/facilitator to a *multi-stakeholder workshop on the initial analysis and consultation* would cover the following:

- These are the criteria that we think are important for determining priorities ...
- These are the key findings from the information gathered about problems and (underlying) causes of problems ...
- These are the key gaps or weaknesses in the information base ...
- Our preliminary application of criteria to the findings suggests that these should be the (national) priorities ...
- Our reasoning is ...
- This is our degree of (un)certainly about the findings/recommendations ...
- Do you agree/disagree with our findings and recommendations?
- Is there key information that we have overlooked?

Where there is good consensus, the work of the strategy team in developing options based on the generally agreed recommendations is relatively straightforward. These can then be put to subsequent *multi-stakeholder workshops focusing on finalizing strategy options*. A typical presentation to such a workshop would cover:

- This is a reminder of the agreed priorities from the first workshop ...
- This is what work we have done to develop the priorities ...
- These are the strategy options ...
- Here is a summary of what we think each option's pros and cons, costs and responsibilities could be ...
- This is how we might wish to compare and rank the options ...

Source: Hagen (undated)

rule-making committee'. An NSDS may need to be flexible, as it will be dealing with a wide range of issues; it is therefore important to be clear about when unanimity is desired (say for immediate priority objectives) and when it is not necessary (such as for future options or triggers). The pros and cons of unanimity for different situations are addressed in Box 8.10.

UNED Forum (2001) recommends that:

- Participants need to agree at the beginning of any multi-stakeholder process what will constitute consensus.
- In general, participants should seek a solution that incorporates all viewpoints.
- Sometimes a majority vote can help to bring a consensus process to closure.
- However, there are considerable risks of forcing consensus and, more generally, making decisions that are premature.
- The latter can be avoided by a challenge to be creative and integrating, rather than arguing for favoured existing positions; and to view differences as helpful.

Both consensus views and dissenting views need to be recorded. During the development of the Botswana NCS in the late 1980s, for example, when issues were too contentious, or effectively non-negotiable (at the time), it was (eventually) found to be necessary to state this clearly, and to agree when and how the issue would be revisited.

Box 8.9 Consensus – a loaded term

The term 'consensus' has slipped easily into the rhetoric of dialogue, along with 'win-win', 'participation', and so on. In general, it means agreement – a condition in which all participants can live with the result, although not all (and maybe none) of them may embrace it with great enthusiasm. But consensus does not mean wholehearted agreement or unanimity: differing views, values and perspectives are a fact of life. Nor does consensus mean majority agreement, whereby minority concerns are effectively excluded.

Many multi-stakeholder processes assume that consensus is possible (although they may grossly underestimate the time, goodwill and money needed to produce it). But there are dangers in achieving a fragile consensus. Apparent agreements between ministries or key politicians may be worth little if those same powers continue to make decisions without reference to it, but at the same time use the agreement to rationalize these same decisions. Rushed consensus does not allow all parties to get what they want out of it, but can still produce language that appears acceptable (eg 'consensus' over 'co-management' which serves only powerful interests, or consensus over adopting 'foreign' solutions before local ones have been developed). Consensus can thus be an illusion, and forcing its formation may impede equity as well as innovation.

Source: Adapted from Mayers et al (2001)

Consensus is not necessary at all stages of a strategy process. Indeed, given the value-laden and uncertain nature of many of the issues and the enormous interests at stake, strong and persistent disagreements are likely. Fundamental differences of value are probably immune to consensus. But consensus is achieved very gradually, through joint enquiry and action focused on (shared) problems. An exploration and understanding of the diversity of concerns and opinions is very important, and wide participation in the strategy process provides a continuing vehicle for this.

The use of multi-stakeholder consensus-building mechanisms, particularly roundtables, has been central to many of the strategic initiatives in Canada during the last decade (Box 8.11). They have been used to develop broad strategies and to tackle the institutional constraints facing strategy development (ie some of the barriers to 'horizontal' and 'vertical' participation); to implement or monitor those strategies; to prepare principles or action plans which may then be 'self-implemented'; to prepare policy options for government (for temporary or permanent issues); or to carry out public consultation phases in the development of public policy.

In 1993, the Canadian National Round Table on the Environment and Economy (NRTEE) issued a set of *consensus principles*, which have been very widely distributed across Canada and many other countries. In brief, these principles (NRTEE/ParticipACTION 1994) are:

- 1 Purpose-driven (people need a reason for participation)
- 2 Inclusive, not exclusive (as long as parties have a significant interest)
- 3 Voluntary participation
- 4 Self-design (the parties design the process)
- 5 Flexibility
- 6 Equal opportunity (in access to information and participation)
- 7 Respect for diverse interests (and different values and knowledge)
- 8 Accountability (to parties both within and outside the process)
- 9 Time limits (realistic deadlines)
- 10 Commitment to implementation and monitoring

10 consensus principles

Consensus building is an iterative activity that can proceed either through mediation or through facilitation, the latter being more usually applicable to NSDSs. *Mediation* is formal and carefully structured, focuses on clearly defined and contentious issues and makes use of trained mediators. It is a form of assisted

Box 8.10 100 per cent consensus, or less – which is better?

A negotiated consensus may be the most likely way to reach many strategy decisions.

Full consensus: This knits the multiple stakeholders together into a group with a common goal – developing a mutually acceptable outcome. Although they may not agree with all aspects of the outcome, all participants are willing to live with the total package. At its best, this creates a climate of ‘if any one of us has a problem, we all have a problem, so let us focus on resolving the particular problems of every participant’. Yet this means that all stakeholders then also have a veto – which can engender considerable waste of effort, good ideas and goodwill if full consensus is not reached. If minority parties effectively control a linchpin component to the agreement, this vests extraordinary power in them and the majority parties (and the mediator/facilitator) will be stymied.

The ‘80 per cent’ option: The dynamics of the process change markedly if the definition of consensus is modified to require less than unanimity. It may make procedures easier, because difficult interest groups can be ‘ignored’ – they will never be fully ignored, however, as they will have recourse to other processes such as courts and means of compensation. But it can also result in parties adhering to fixed public positions, as opposed to being encouraged to develop their underlying interests and finding creative alternatives.

Source: Harter and Pou (1997); Sigurdson (1997); Katz (1997)

dispute resolution. *Facilitation* (see page 220 and Box 6.29) is more useful when issues are ill defined or when stakeholders may be suspicious of the implications of a consensus process. It also tends to take longer, because it uses approaches of mutual self-discovery, or learning processes (Carley and Christie 2000a).

It has been found that consensus-building and decision-making processes can be significantly advanced through the appointment of teams of independent consultants, recruited from a combination of international and national experts.⁷

Negotiations and conflict resolution

NEGOTIATIONS

The aim of negotiations is to tackle the trade-offs inherent in sustainable development, to reach compromise in policy-making or setting responsibilities and plan objectives. It is important at the overall strategy level, but especially in setting decentralized targets. Agreed objectives and targets have a better chance of being implemented than those that are imposed.

In The Netherlands, there has been an emphasis on negotiation processes for target setting (Box 8.12). In contrast, UK recycling targets, German carbon dioxide targets and EC sulphur dioxide and NO targets were set without negotiation and, although the targets made a powerful political impact, they have not been met in practice.

Where rights compete or conflict, negotiations conducted in good faith offer the only process through which various interests can be legitimately reconciled ... Where no process for good-faith adjudication among competing interests exists, the result is often protracted conflict, escalation and, eventually, ‘win-lose’ outcomes in which less privileged groups are further disadvantaged ...
(World Commission on Dams 2000)

Negotiation is particularly important in setting decentralized targets

⁷ Examples where the decision-making process has been enriched in this way include the Victoria Falls SEA, the Ngamiland SEA, the environmental enrichment of the Jordanian Energy Strategy, the mechanisms for strengthening sustainable development policies and plans in Russia, and the strengthening of all institutions involved in implementation of the Kenya NEAP.

Box 8.11 Experience of multi-stakeholder mechanisms to build consensus in Canada

In Canada, multi-stakeholder mechanisms have been used extensively during the last decade to build consensus on policy issues. These have included:

- roundtables (many hundreds have been organized by the National Round Table on the Environment and Economy (NRTEE) at national, provincial and local levels) such as the Forest Round Table and the connected Pulp and Paper Dialogue;
- multi-stakeholder task groups (eg the Climate Change Task Group and the task Force on Economic Instruments and Disincentives to Sound Environmental Practices);
- commissions, councils and collaboratives (eg the Economic Instruments Collaborative).

These all attempted to bring together a broad range of competing interests to work on solutions, and they usually relied on consensus for decision-making and a neutral chair or facilitator.

A review of Canada's experience with roundtable processes (NRTEE 1995) highlighted some clear lessons and dilemmas:

- 1 When designing the multi-stakeholder process, it is important to distinguish consultation from consensus. The former meets the needs of the initiating party, but the latter should be participant-driven, which requires a neutral facilitator. The role of a multi-stakeholder process is different in each case, but *many of the frustrations of past efforts have resulted from a lack of clarity on this ... or from an attempt to blend the two approaches. They do not blend easily... You can't have the buy-in and other advantages of a consensus process until you're willing to ... allow the participants to design and manage the process.* Specific examples are not, however, given.
- 2 Neutral facilitation is needed to achieve roundtable objectives, as people with very different value systems and even different vocabularies naturally find it hard to agree.
- 3 The involvement of NGOs is essential, but many cannot afford to participate, especially to get involved in research and go beyond mere attendance. Yet government funding for NGOs compromises their independence and means that some NGOs are fully taken up with government-driven agendas. In other words, roundtables could be seen as a way for governments to neatly 'contain' participation to a limited part of the whole policy process, and indeed to coopt some groups. This has been a real problem in some roundtables.
- 4 In many circumstances, roundtable approaches are not appropriate, because of subject matter, lack of timeliness or lack of commitment from key stakeholders. In particular, firm political commitment to act on possible outcomes is needed initially. Roundtable processes are *still in the development stage, and it is wrong to see them as a mature phase of the policy process.*

Yet, as current institutions are not coping well with the transition to sustainability, in part because of their jurisdictional fragmentation, roundtables have forced the government to take more seriously what they call the 'horizontality problem'; that is, cross-departmental cooperation. Ronald Doering, the former Executive Director of the NRTEE, assessed that multi-stakeholder processes:

have been important experiments in policy-making and public administration. Their role is essentially transitional and catalytic; they support rather than replace elected bodies. With all their flaws, and while still generally marginal to core policy-making, Canadian roundtables are common sense partnerships.

Another commentator addressed the political aspects, acknowledging that multi-stakeholder processes have helped environment, consumer and aboriginal interests to be better represented in the 'policy marketplace'. But these processes may result in *politically compelling consensus which constrains the ability of elected politicians to make decisions*'. In other words, 'bargaining' through this marketplace is replacing the search for the common good. The better bargainers get the best deal or, perhaps, *organized interests bargain amongst themselves, cut up the pie and invite elected representatives to serve the helpings.*

In effect:

the utility of multi-stakeholder exercises should reflect both how and how well they assist elected representatives in their core task – searching for and defining the common good, and incorporating it in public policy.

A further commentator suggests that it is essential to have a neutral forum such as NRTEE; no one stakeholder could bring together the right group without raising suspicions.

The NRTEE examined the issues of representativeness, governance and democracy. The kinds of dilemmas raised include: the notion of the flourishing of a stakeholder elite at the expense of the broader public's involvement in decision-making; stakeholder representation (stakeholders should be able to state who they are and who and what they represent); the need to make participation more transparent and involve more than an elite, and a broader network of stakeholders would reduce the burden on the 'over-consulted'. One commentator suggested that 'multi-stakeholder processes mask significant imbalances in power over resources and considerable ... differences in influence on government among the participants'.

Further dilemmas present themselves when it comes to implementing roundtable agreements and action plans. Dana Silk proposed the notion of 'sustainability mediators' – individuals in the various institutions whose job it is to liaise with other institutions and work on further consensus, joint management, and so on. He sees such people as specialists in working across different sectors, recognizing that this is a special skill which not all people have.

This approach has been used in some NCSs and NEAPs. Under the Pakistan NCS, for example, environment contact officials are appointed in key government agencies. However, it is not known whether the Pakistan Government selected these contact officials on the basis of their aptitude.

Source: NRTEE (1995)

All relevant stakeholders should be involved ...

... using recognized negotiating procedures where possible ...

Negotiated outcomes need to involve all stakeholders with rights related to an issue, both risk-takers and risk-bearers (Box 8.13). The appropriate negotiation process will depend to some extent on the type of issue, the political and cultural setting, and other constraints relating to the urgency of need and the likelihood of negative impacts. A process that is too complex can needlessly delay decisions and deprive beneficiaries of the early fruits of options under consideration.

It is notable that there are many international procedures for negotiation (eg for agreeing trade tariffs through WTO, for international conventions through the UN) and local procedures (eg over labour rights

Box 8.12 Target setting in The Netherlands

The Netherlands has prepared a series of National Environmental Policy Plans (NEPPs) – the fourth was published mid-2001 (see Boxes 4.3 and 4.5). The NEPPs are intended to link national policy with local targets and are developed by the Ministry of Housing, Physical Planning and Environment (VROM). The ministry works with provincial and municipal government and various *target groups* (eg agricultural producers, chemical manufacturers, trade unions). Each group is led by a steering committee, consisting of representatives of government and of the target group. Local targets are set by local officials based on the national plan. Provinces are obliged to do this; municipalities have the incentive of additional central government funding if they also do so. With industry, NEPPs have emphasized voluntary agreements or covenants (Box 4.5) to secure agreements with government on environmental objectives and targets. Covenants are negotiated with trades associations, and local variations are allowed for branch members. Ministry staff accept that the price to be paid for a high degree of local participation and motivation will be a certain loss of control over the direction and actions of the NEPPs. The ministry has negotiated action plans with all target groups in the NEPPs.

Central government came increasingly to regard the target groups and the regional and local authorities as important partners in the preparation and implementation of policy. Partnership and covenants became important environmental policy instruments. The next step was for central government to incorporate deregulation, flexibilization and decentralization in environmental policy with the object of implementing joint responsibility for the solution of environmental problems. This represented a shift in the role of central government from regulator in the 1960s and 1970s to 'negotiator', contractual partner as well as regulator in the late 1980s and the 1990s.

Source: VROM (1997)

Box 8.13 Rights- and risk-based negotiation process for decision-making on dams

In view of the importance of rights-related issues in relation to dams, and the nature and magnitude of the potential risks for all protagonists, the World Commission on Dams proposed that an approach based on the recognition of the rights and assessment of risks (particularly the rights at risk) be developed as a tool for guiding future planning and decision-making (see also Box 8.4). This would also provide a more effective framework for integrating the economic, social and environmental issues at stake when assessing development options and implementing projects.

The notion of risk adds an important dimension to understanding how, and to what extent, a project may have an impact on such rights. Traditionally, the definition of risk was limited to the capital invested and returns expected by developers or corporate investors. These voluntary risk-takers can determine the level and type of risk they wish to take, and explicitly define its boundaries and acceptability. But there is also a far larger group of involuntary risk-takers, who find that their livelihoods, quality of life and very survival are at stake, and that the risks imposed upon them are managed by others. Typically, these involuntary risk-bearers have little or no say in overall policy.

Like rights and entitlements, these risks must be identified, articulated and addressed. This will involve formal recognition of the fact that governments or developers are not the only parties at risk.

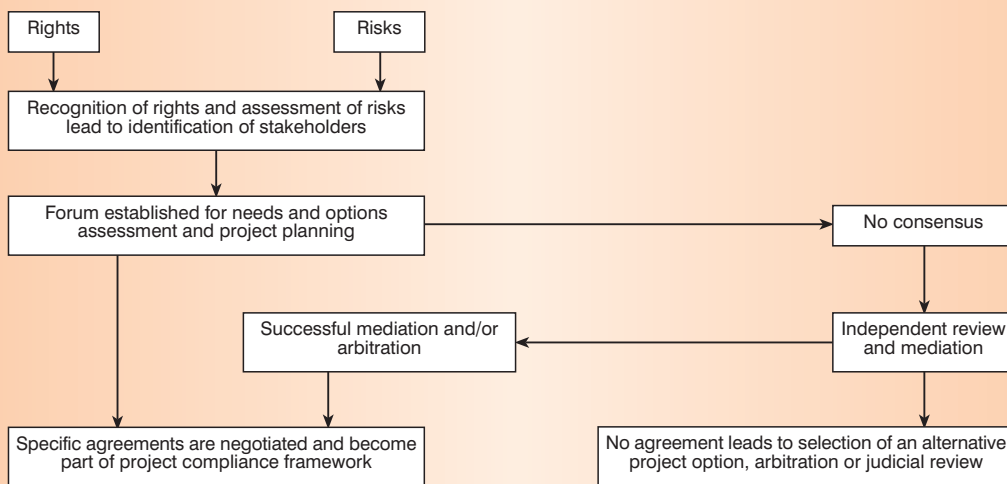
A rights-and-risks approach to assessing options and implementation will provide an effective framework for determining who has a legitimate place at the negotiating table and which issues need to be on the agenda (Figure 8.2). Although this approach may be more demanding in the early stages of options assessment and project design, inclusive and transparent decision-making processes aimed at negotiated outcomes should legitimize subsequent stages of the project, thereby helping to resolve the many and complex issues surrounding water, dams and development.

Source: World Commission on Dams (2000)

though trade unions, and local plans), but rather fewer at the national level, where decisions have been made by other means dominated by government. Furthermore, negotiated outcomes do not replace government decision-making. In fact, they depend on the state actively fulfilling its role as planner and enabler, and often financier and implementing body of development decisions. If a negotiation results in full agreement among parties, the state (as one concerned party) need only endorse it.

The World Commission on Dams proposes a rights- and risks-based negotiation process; see Box 8.13 and Figure 8.2.

... focusing on rights and risks



Source: World Commission on Dams (2000)

Figure 8.2 Rights- and risks-based negotiation process

The NSDS secretariat (or other appointed facilitator) will play a key role in negotiation. Indeed, it usually has to take some position in relation to negotiating a decision. If it approaches the negotiations as if it has all the answers and only seeks ratification, it may come away with no agreement and anger the participants, who will feel ‘used’ at best. At the other extreme, if it sits back and takes no position, the parties are not likely to reach agreement – they will talk and talk, but not converge (Harter and Pou 1997; Sigurdson 1997; Katz 1997).

CONFLICT RESOLUTION

Resolving conflicts – particularly at the local level – is essential

The number of ‘win-win’ possibilities in sustainable development is limited, and conflict resolution is invariably required. To date, few strategies have used such techniques, preferring to concentrate on non-contentious or win-win possibilities. However, at a local level, where several groups may depend on a single resource – such as a fishing ground, a watershed or a forest – conflict resolution is essential. For example, in the mid-1990s in British Columbia, Canada, a provincial land use strategy was negotiated by a large number of interest groups. Issues on which consensus could not be reached were reverted to government for decision. In St Lucia, the Soufriere Marine Management Area is managed by the local community, but conflicts are referred to government to resolve (Brown 1997). Box 8.14 describes a successful exercise by the Northern Lights Institute to deal with a river basin.

In Canada, ‘choicework’ tables have been used to help stakeholders reach innovative solutions to areas of conflict

A key feature of the Canadian *Projet de société* was conflict resolution through ‘tête-à-tête’ meetings, linking individuals together (brokerage on a personal level by the NRTEE – the strategy process facilitator). To assist stakeholders to reach innovative solutions, the strategy document of the *Projet de société* (1995) attempts to reduce the ‘blindness’ of sectoral bias and traditional mandates by providing innovative ‘choicework’⁸ tables around basic human needs, such as air, water, food and mobility. An example of a choicework table is provided in Table 8.2. These tables attempt to ‘compare expert and public perceptions of various issues in order to find a method to bridge the gap between experts and the general public on a range of sustainability issues’.

The tables also identify areas of conflict and levels of consensus in order to show where immediate progress can be made and where more consensus building is needed.

Policy coherence – a step-wise approach

‘Mainstreaming’ sustainable development needs procedures for policy coordination, consistency and coherence

If the key principle of ‘integrating environment and development’ is perhaps the most germane of all the Rio Principles (and Millennium Development Goals) to an NSDS, more investment is needed in procedures to achieve such integration (see Chapter 4, page 102). In its ‘policy coherence checklist for poverty reduction’, the OECD DAC discusses three different terms which are used to describe what most governments do to integrate their policies better (usually with respect to new policies, rather than existing policies). These are: coordination, consistency and, more rarely, coherence:

*Most governments, and certainly all of those in the OECD, have institutions and management mechanisms for policy **coordination**. Officials will have familiarity with the inter-ministerial or inter-agency machinery in which an entity with primary responsibility for a policy decision will bring together others that could be affected by or have an interest in it, to iron out a common position. Such coordination often involves whittling down an original proposal to obtain consensus, in lowest-common-denominator fashion.*

*Policy **consistency** has more to do with the design and implementation of policies of several ministries or agencies to support an overall objective, usually defined and articulated at a high political level. Poverty reduction is such an objective. The key idea behind consistency lies in the*

⁸ ‘Choicework’ is defined as sorting out choices, weighing pros and cons and beginning to make the difficult trade-offs.

Box 8.14 Conflict resolution and mediation in a river basin strategy, USA

Historically, the use of the water of the Clark Fork River, Montana, USA, has been contentious. Ranchers, environmentalists, mining companies, recreational fishing groups and electricity companies are all critically dependent on the river for their operations. The huge demand for water, particularly in times of drought, has reduced some tributaries to dry streambeds. In other parts, they are loaded with chemicals, threatening some user interests. The different interest groups have – until recently – been waging increasingly bitter battles in courtrooms and legislatures.

The Northern Lights Institute, a group that encourages the use of conflict mediation techniques in environmental disputes, offered a participatory approach, which it termed ‘river basin citizenship’ as a more sustainable alternative to litigation and advocacy. The state’s attempt to claim rights to a part of the river’s waters to protect fishing interests offered an opportunity to test this approach.

Northern Lights attempted to answer the question: could local citizens with competing interests, along with federal and state water managers, come together to develop a watershed management strategy that would support both irrigation and environmental protection, and reduce conflict? The uncertainty and ‘battle fatigue’ helped to open the door for conflict mediation. Collaborative decision-making has been shown by the Institute to work particularly well when all parties feel it is their last resort; people have to feel they have little to lose, and perhaps something to gain.

Early meetings of the various groups dealt with the issue slowly – spending time getting to know one another and particularly the river. Key was learning about the river together – through field trips, where different groups’ perspectives were put forward. Gradually, the ‘symbols and demons’ that dominated the debate and participants’ views of each other gave way to a broader understanding. From agreements on common ground, agreement towards more contentious issues could begin to be mapped out. Eventually, a multi-interest Clark Fork Basin Steering Committee was formed to prepare the water management strategy – the first consensus-based water plan developed in Montana. This was particularly successful in addressing ‘the gap between water law and policy, and how the resource is actually used’ – in other words, it addressed realistic needs and situations.

Source: Maughan (1994)

Table 8.2 Choicework table for mobility

Some examples of choices that could be considered	Timing Duration Impact	Costs: \$ Environ. Social	Benefits \$ Environ. Social	Some consequences	Partnerships	Responsibilities	Consensus levels
Replace vehicle registration fees with ‘feebates’: rebates for efficient vehicles; fees for inefficient vehicles	months years xx	\$ ss	\$ eeee sss	Would increase efficiencies and ensure that the polluter pays	Car dealers	P	?
Negotiate covenants with insurance industry to facilitate car pooling and sharing and pay-at-pump insurance	months years xx	\$\$ ss	\$\$ eee sssss	Higher vehicle occupancy; more jobs in car leasing industry; fairer distribution of insurance costs	Commuters and insurance industry	F P B	?
Reduce the deficit through dedicated increases in excise taxes on fossil fuels	months decades xxxxxx	\$ sss	\$\$\$\$\$ eeeeee ssss	Would take advantage of concern over deficit to reduce CO ₂ emissions and respect UNCED commitments	Public transport and car servicing industry	F	?

Note: **Timing:** Time it would take to implement choice. **Duration:** Period during which the impact is felt. **Impact:** x = low impact; xxxxx = high impact. **Cost:** \$ = low monetary cost; eee = medium environmental cost; ssssss = high social cost. **Benefits:** \$\$\$\$\$\$ = high monetary benefits; eee = medium environmental benefits; s = low social benefit. **Responsibilities:** F = federal; P = provincial; M = municipal; B = business; C = civil society

Source: Projet de société (1995)

avoidance of policies that conflict in reaching for the defined goal.

*Policy **coherence** aims still higher. It too operates to achieve politically defined goals, but looks beyond the removal of policy contradictions to a more creative enterprise that harnesses all relevant policy actions to enhance the achievement of an objective. It stresses a notion of cumulative value added from the contributions of different policy communities, thus moving beyond mere consistency to a more positive, stronger vision of how objectives can be achieved. (OECD DAC 2001c)*

The OECD DAC goes on to offer a checklist of steps to go through to work towards the ‘higher’ aim of coherence, and a checklist of policy issues to guide the search for coherence (in this case, specifically related to poverty). The mechanisms and facilities that governments tend to have in place to improve coherence can be key assets for strategies.⁹ The OECD DAC cites the UK as being most advanced in ensuring policy coherence for its poverty reduction interest in developing countries. The UK initiatives are illustrated in Box 8.15.

It can be useful to develop a framework for assessing and planning coherence for sustainable development. The Shell International Petroleum Company has developed a diagnostic that all its divisions are encouraged to use (Table 8.3), in order to formulate and monitor annual plans for integrating sustainable development into business (Figure 8.3). These are available on its website (www.shell.com).

A challenge: strengthening relations between decision-developers and the ultimate decision-takers

This chapter has concentrated on the design and operation of good decision-making processes. It is appropriate now to refer to what does and does not happen in practice, in order to provide some insights into the ways whereby improvements might be achieved.

Great progress has been made since the 1992 UNCED in Rio de Janeiro. Most nations have engaged in preparing documents in support of sustainable development. Some have published what can only be described as exemplary suites of vision statements, strategies, policies, action plans, awareness programmes, and so on. Yet, in reality, a huge gap exists between words, actions and the achievement of beneficial results. To many, the sceptics in particular, the documents are regarded as adding to the pile of ‘paper tigers’ and the words read as just more rhetoric. The challenge lies not just in narrowing the gulf between words and actions, but in raising knowledge about what initiatives are working and why.

The gaps and contradictions between principles and practice, words and actions, are not confined to countries that are seriously poor or are in transition. They also apply to richer economies where, surprisingly, some policies have proceeded directly contrary to the advice of multi-sectoral advisory committees appointed by government; likewise where developments have been permitted without reference either to NSDSs or to EIAs. ‘Government by double standards’ is not only counter-productive in relation to the issues at stake, but sours the goodwill of stakeholders upon which all successful sustainable development initiatives are founded.

In looking ahead we need to return to the distinction that was made between ‘decision-developers’ and ‘decision-takers’ at the beginning of ‘Institutional roles and processes for strategy decisions’ on page 270. While the need for improvements in procedures to develop decisions is beyond doubt, the decision-taking processes require just as much, if not more, attention. In this respect, attention needs to focus on effective ways of strengthening relationships between the decision-developers and -takers. Again, while there are no panaceas, much can be achieved through the following types of initiative:

⁹ That said, the pursuit of policy coherence alone is no panacea. It needs to be accompanied by a parallel exercise relating to the supporting mechanisms. Thus the integration of laws and regulations, of enforcement measures, of economic instruments and of public awareness initiatives (to mention but a few) is also required.

Despite progress since Rio, there is a large gap between published strategy documents and results ...

... in both the North and the South

Many initiatives can strengthen relationships between decision-developers and decision-takers

Box 8.15 Promoting policy coherence in the United Kingdom

The United Kingdom has taken far-reaching initiatives to promote policy coherence:

- The Government made a clear *political commitment*. It established a *new, separate department* (Department for International Development, DFID) and gave its Secretary full cabinet status.
- Following extensive discussions between government departments, the Government elaborated a *White Paper on Poverty Reduction*, presented it to Parliament and widely *publicized it*.
- *Resources were committed* to policy coherence. DFID secured capacity to analyse independently or commission research on the development implications of non-development issues and to debate them within the Government. Four sets of issues received the most attention: (i) the environment, (ii) trade, agriculture and investment, (iii) political stability and social cohesion, and (iv) economic and financial stability.
- *Mechanisms for policy coordination* were strengthened. This included creation at the ministerial level of an *Inter-departmental Working Group on Development* to deal with cross-cutting issues.
- DFID strengthened its *links with multilateral organizations*, such as the WTO, UNCTAD and the World Bank, which deal with fields needing more policy coherence.
- DFID moved to *build developing-country capacity* to prepare for and participate in international negotiations.

Source: OECD DAC (2001c)

- *Employing expertise in institutional development and good governance* to work with NCSDs and strategy secretariats.
- *Vesting appropriate powers in NCSDs*, such that they are not perceived to be just advisory pawns of the governments and their cabinets.
- *Developing a strong relationship between the NCSDs and cabinets* in the recognition that the former is one (possibly the only) non-political body providing an impartial forum for the objective resolution of complex multi-sectoral issues.
- *Strengthening the relationship between the strategy secretariat and the NCSD*, such that jointly they are able to influence (and change) single-sector organizations.
- *Increasing the levels of trust and professional understanding* between the strategy secretariat/NCSD and sector organizations (especially line ministries); for example, through Sustainable Development Liaison Officers in each of the sector organizations.
- *Harnessing policy research skills* – political scientists and historians, in addition to the normal array of professional skills – to identify the lessons from past and contemporary events, and the successes and failures of particular packages of instruments (as happens in national defence establishments).
- *Mandating consistency and coherence audits* of all government policies, programmes and instruments, by strategy secretariats and/or audit commissions – who should report their findings to cabinet via NCSDs.
- *Working with the media* to ensure that the reporting of issues is based on accurate facts, objective analysis and balanced debate.

Selecting instruments for implementing strategy decisions

The core instruments that may be used within the strategy process itself (ie participation, analysis, information systems, communication, etc) are covered in other chapters. Here, we introduce the wider range of instruments for implementing sustainable development – the means by which the strategy objectives might be achieved. Every one of these instruments deserves a ‘resource book’ in itself, and detailed guidance on them is outside the scope of this strategy guide. The instruments described below are not intended to represent an exhaustive set, but provide a flavour of those that are available and can be utilized in implementation.

Table 8.3 Diagnostic for alignment of business processes with sustainable development principles

Chart breakdown	Level 1 Minimal alignment	Level 2	Level 3	Level 4 Full alignment
Degree of integration	Decision-making is based overridingly on financial or economical considerations	Decision-making takes account of wider economic and environmental considerations	Decision-making incorporates economic, environmental and social considerations, but each element is managed independently	Decision-making is based on a systematic process that manages the interrelationships between economic, environmental and social issues
Scope of engagement	Local, internal focus	Some internal engagement and use of special external advisers	Well-developed engagement programme	Advanced engagement activity integrated into cross-functional decision-making processes
Time horizon	Predominantly short term	Short term with some recognition of longer-term needs	Short-term priorities managed with context of longer-term needs	Short-term priorities managed as enablers of long-term value growth

Note: A self-assessment tool comprises a series of statements describing the degree of alignment of strategy and planning processes with the three key principles of sustainable development. Note that other information could be added; for example, institutional responsibilities in each 'cell'

Source: www.shell.com/royal-en/content

The range of sustainable development instruments

These instruments can be categorized in various ways. Given that sustainable development may require changes to ownership, investment, production and consumption, one approach is to group instruments according to their economic *role*; that is, supply-side management, demand-side management and redistribution. Instruments can also be distinguished according to whether they serve as measures of persuasion ('carrots') or as command-and-control interventions ('sticks').

The approach used below is to categorize instruments according to their *means of operation*, mainly because the different means share similar pros and cons. Many instruments, of course, overlap such categories. Some of the instruments are well known, while others have been designed specifically to promote sustainable development, and may be in experimental stages.

LEGISLATIVE/REGULATORY/JURIDICAL INSTRUMENTS¹⁰

- Constitutional guarantees on sustainable development and its elements (see Box 8.3).
- Laws, by-laws and regulations set standards governing ownership, production, consumption, trade, environmental liability, association and contracts.
- Conventions – national and international agreements on social, environmental and economic behaviour.

Legal instruments have advantages in that they can set absolute limits and provide clear sanctions. This is desirable where clear consensus obtains in society about certain goals. They also have an educational role if information on legal instruments is made widely known. However, legal instruments can quickly become

¹⁰ Refer to chapter 5 (page 162) for guidance on analysing the legal framework for sustainable development.

Four sets of instruments – categorized by their means of operation

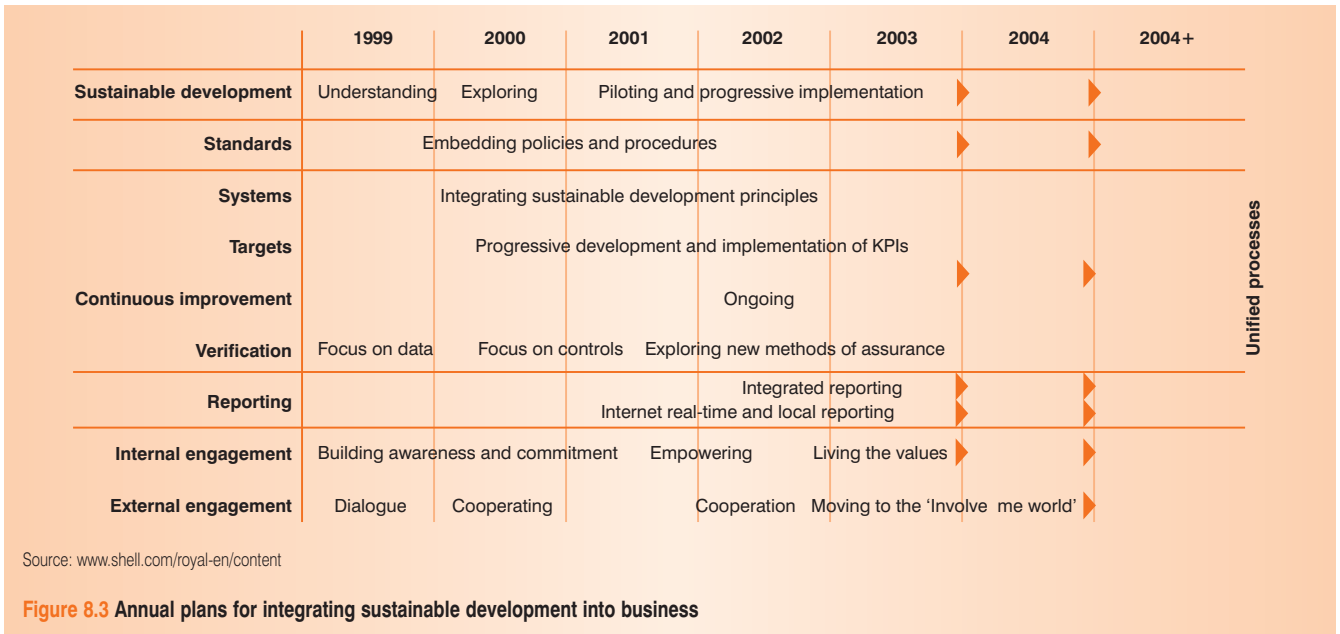


Figure 8.3 Annual plans for integrating sustainable development into business

outdated in relation to society’s rapidly changing aspirations, scientific discovery, technological possibilities and economic conditions; for instance, inflation can erode the power of fines. The ‘mandate, regulate and litigate’ approach can become very costly to implement, in financial terms, in the hostilities it has produced, in locking in outmoded or irrelevant technologies and in the innovation that it may have stifled. In addition, regulation can be ‘captured’ to serve the interests of powerful groups. Finally, public sector capacity to enforce legal instruments may be weak.

Setting legal limits and providing clear sanctions

FINANCIAL/MARKET INSTRUMENTS¹¹

- *Property rights-based approaches* – generally preferred by economists – including tradable pollution permits, ecotourism concessions, tradable fishing licences, allowing liability claims for environmental damages.
- *Price-based approaches* including pollution taxes, payments for environmental amenities (eg to farmers), auctioning publicly owned resources rather than selling them at administratively determined prices, user fees, tax credits for socially responsible investment funds, deposit refund schemes, performance bonds.
- *Reform of perverse subsidies* to reduce environmental degradation, for example, by intensive farming, and to encourage more efficient use of resources (basically the reverse of price-based approach).
- *Market-enabling measures* including information disclosure requirements, product certification and labelling, procurement policies.

Most economic instruments work by influencing behaviour through price signals. The advantages of economic instruments centre on their ability to benefit from the existence of competition and efficiency in the market. They can produce a desired outcome at much lower cost than regulation – by encouraging innovation and continuous improvement, by finding solutions that fit the local situation well, and by reducing enforcement and administration costs below those associated with legislation.

Market instruments produce a desired outcome more cheaply than by regulation

Two types of cost-saving are generally recognized: ‘static’ efficiency which results from the fact that compliance is mainly undertaken by those for whom it is currently cheapest, and ‘dynamic’ efficiency

¹¹ Many of these instruments are introduced in more detail in Chapter 9, as they are central to the financial basis of a sustainable development strategy.

which results from innovation by firms to reduce the costs of compliance even further. The costs of enforcing market-based instruments (MBIs) are **not** necessarily less than command-and-control instruments (C&C)!¹² As such, they end up with the beneficial effect of incorporating social and environmental costs into product and service prices. This can also be true of C&C instruments, but with the distribution of costs and benefits less transparent and generally less efficient. MBIs can, therefore, also be an efficient means to raise revenue for environmental management and social provision. However, considerable capacity is needed to develop and implement efficient MBIs. Introducing market-based instruments without careful preparation and negotiation may lead to severe economic dislocation, perhaps favouring richer economic groups with greater capacities to deal with change. Economic instruments that involve the imposition of charges for previously 'free' use of natural resources may not be politically feasible or even desirable where poor groups are significantly affected.

EDUCATIONAL/INFORMATIONAL INSTRUMENTS

- Accessible information on resources, stakeholders and their performance, sustainability problems and opportunities to improve performance (eg discriminating markets).
- Consumer information on production processes and the environmental/social content of goods and services (also a market instrument).
- Research and pilot projects on sustainable development issues, especially where stakeholders are themselves involved.
- Demonstration projects, especially where run by 'real' stakeholders facing actual business environments.
- Public awareness campaigns (eg through the media), training and extension on best practice and means of improving sustainability.

Raising awareness, encouraging self-regulation and inducing positive peer pressure – but few 'sticks' and 'carrots'

Advantages of educational instruments include the ability to raise awareness, encourage self-regulation and bring about positive peer pressure. They can also reinforce other instruments, by improving understanding of the latter's rationale and benefits. Like most persuasion instruments, the performance of public awareness initiatives relates to the ability of the designers to make them fashionable and thus irresistible. However, on their own, they tend to lack adequate 'sticks' and 'carrots', except perhaps in publicly minded societies with high educational levels.

INSTITUTIONAL INSTRUMENTS

- Fora and facilities for dialogue.
- Partnerships (public–private) and associations (corporate or mixed).
- Environmental management systems.
- Corporatization (of resources, rights, service provision) to parastatals.
- Full privatization (of resources, rights, service provision) to private companies and communities.
- Decentralization of rights and responsibilities.
- Codes of conduct by individual corporations and associations.
- Citizens' actions.
- Contracts/agreements on access, management, service provision.
- Common property regimes.

¹² Market-based instruments and command-and-control instruments are both grounded in law and may require specific legislation. The main difference is that C&C takes no account of differences in the costs of compliance across producers/consumers, while MBIs are designed to achieve specific environmental targets at minimum cost. C&C typically makes little use of market incentives (although simple sticks and carrots may be used), while MBIs rely almost entirely on market prices and incentives to achieve their aims.

Institutional instruments tend to rely on self-interest and the innovation that can be generated in multi-stakeholder approaches. However, there are real limits to what can be achieved through voluntary approaches. Partly because real change in behaviour may be less evident than the words produced (especially in the absence of ‘sticks and carrots’). And partly because they can be too successful, leaving government behind and producing a climate of neglect by the state, in which weaker groups may become vulnerable.

Guidance on selecting instruments

The vision of the strategy, and the precise strategy objectives, are the major criteria by which to select a candidate instrument, or set of instruments. The decision-making frameworks discussed on pages 261–269 can similarly help to screen potential instruments. The following criteria may help to make a final selection from alternatives that have been screened to meet the above requirements.

- 1 *Effectiveness* in delivering environmental and social outcomes and/or in tackling root causes of problems (extent of geographical coverage, ‘stretch’ beyond current performance, multiplier/extension effects, and consistency between stages of, for example, a production/processing/use/recycling cycle).
- 2 *Efficiency* (low marginal costs in financial, information, resource, transaction and administrative cost terms; incentives for innovation and improvement; ease of understanding).
- 3 *Administrative feasibility* (building on what’s on the ground already that works well, where there is good precedent, understanding and capacity).
- 4 *Equity* in cost-benefit distribution (at different levels).
- 5 *Acceptability* to groups who will be affected, and degree of controversy.
- 6 *Timeliness and ‘bite’* in relation to major political/economic/social issues and stakeholder concern about them.
- 7 *Level of risk and uncertainty* especially in relation to possible perverse impacts.
- 8 *Reliability and replicability* across different groups and regions.
- 9 *Innovation and learning potential*; that is, the ability to make progress through tests and trials and to feed learning back into the policy process.
- 10 *Credibility* to stakeholders in general (which can be secured by good attention to the above).
- 11 *Balance* between the instruments being applied to address a given need.

The last criterion, balance, is particularly important. No society will respond well to instruments based solely on coercion, persuasion or incentive. A balance is needed to address a range of stakeholder motivations and interests. And the instruments themselves need integration to ensure that they are mutually reinforcing. Indeed, some can be ineffective in the absence of others. Without education, no one will know of legislation, or of the means to change behaviour at low cost. Without economic or legal instruments, education can merely raise awareness and foster real pressure to achieve practical change. Without clear assignment of liability and property rights, or publication of relevant information (eg on emissions), many economic instruments will not work. The instruments need to be considered and designed collectively (ie as a bespoke package) rather than just individually. A specific package needs to be chosen for each of the strategy objectives. The packages should, as far as possible, be designed to consist of measures that, at best, complement and reinforce each other and, at least, are supplementary.

Relying on self-interest and innovation

Criteria for selecting instruments for sustainable development ...

... and for getting balance between them