

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

Basis for action Prevailing systems for decision-making in many countries tend to separate economic, social and environmental factors at the policy, planning and management levels. This influences the actions of all groups in society, including Governments, industry and individuals, and has important implications for the efficiency and sustainability of development. An adjustment or even a fundamental reshaping of decision-making, in the light of country-specific conditions, may be necessary if environment and development is to be put at the centre of economic and political decision-making, in effect achieving a full integration of these factors. In recent years, some Governments have also begun to make significant changes in the institutional structures of government in order to enable more systematic consideration of the environment when decisions are made on economic, social, fiscal, energy, agricultural, transportation, trade and other policies, as well as the implications of policies in these areas for the environment. New forms of dialogue are also being developed for achieving better integration among national and local government, industry, science, environmental groups and the public in the process of

developing effective approaches to environment and development. The responsibility for bringing about changes lies with Governments in partnership with the private sector and local authorities, and in collaboration with national, regional and inter-national organizations, including in particular UNEP, UNDP and the World Bank. Exchange of experience between countries can also be significant. National plans, goals and objectives, national rules, regulations and law, and the specific situation in which different countries are placed are the overall framework in which such integration takes place. In this context, it must be borne in mind that environmental standards may pose severe economic and social costs if they are uniformly applied in developing countries.

Objectives The overall objective is to improve or restructure the decision-making process so that consideration of socio-economic and environmental issues is fully integrated and a broader range of public participation assured. Recognizing that countries will develop their own priorities in accordance with their prevailing conditions, needs, national plans, policies and programmes, the following objectives are proposed:

- To conduct a national review of economic, sectoral

and environmental policies, strategies and plans to ensure the progressive integration of environmental and developmental issues;

b To strengthen institutional structures to allow the full integration of environmental and developmental issues, at all levels of decision-making;

c To develop or improve mechanisms to facilitate the involvement of concerned individuals, groups and organizations in decision-making at all levels;

d To establish domestically determined procedures to integrate environment and development issues in decision-making.

Activities

A Improving decision-making processes

The primary need is to integrate environmental and developmental decision-making processes. To do this, Governments should conduct a national review and, where appropriate, improve the processes of decision-making so as to achieve the progressive integration of economic, social and environmental issues in the pursuit of development that is economically efficient, socially equitable and responsible and environmentally sound. Countries will develop their own priorities in accordance with their national plans, policies and programmes for the following activities:

a Ensuring the integration of economic, social and environmental considerations in decision-making at all levels and in all ministries;

b Adopting a domestically formulated policy framework that reflects a long-term perspective and cross-sectoral approach as the basis for decisions, taking account of the linkages between and within the various political, economic, social and environmental issues involved in the development process;

c Establishing domestically determined ways and means to ensure the coherence of sectoral, economic, social and environmental policies, plans and policy instruments, including fiscal measures and the budget; these mechanisms should apply at various levels and bring together those interested in the development process;

d Monitoring and evaluating the development process systematically, conducting regular reviews of the state of human resources development, economic and social conditions and trends, the state of the environment and natural resources; this could be complemented by annual environment and development reviews, with a view to assessing sustainable development achievements by the various sectors and departments of government;

e Ensuring transparency of, and accountability for, the environmental implications of economic and sectoral policies;

f Ensuring access by the public to relevant information, facilitating the reception of public views and allowing for effective participation.

B Improving planning and management systems

To support a more integrated approach to decision-making, the data systems and analytical methods used to support such decision-making processes may need to be improved. Governments, in collaboration, where appropriate, with national and international organizations, should review the status of the planning and management system and, where necessary, modify and strengthen procedures so as to facilitate the integrated consideration of social, economic and environmental issues. Countries will develop their own priorities in accordance with their national plans, policies and programmes for the following activities:

a Improving the use of data and information at all stages of planning and management, making systematic and simultaneous use of social, economic, developmental, ecological and environmental data;

analysis should stress inter-actions and synergisms; a broad range of analytical methods should be encouraged so as to provide various points of view;

b Adopting comprehensive analytical procedures for prior and simultaneous assessment of the impacts of decisions, including the impacts within and among the economic, social and environmental spheres; these procedures should extend beyond the project level to policies and programmes; analysis should also include assessment of costs, benefits and risks;

c Adopting flexible and integrative planning approaches that allow the consideration of multiple goals and enable adjustment of changing needs; integrative area approaches at the ecosystem or watershed level can assist in this approach;

d Adopting integrated management systems, particularly for the management of natural resources; traditional or indigenous methods should be studied and considered wherever they have proved effective; women's traditional roles should not be marginalized as a result of the introduction of new management systems;

e Adopting integrated approaches to sustainable development at the regional level, including trans-boundary areas, subject to the requirements of particular circumstances and needs;

f Using policy instruments (legal/regulatory and economic) as a tool for planning and management, seeking incorporation of efficiency criteria in decisions; instruments should be regularly reviewed and adapted to ensure that they continue to be effective;

g Delegating planning and management responsibilities to the lowest level of public authority consistent with effective action; in particular the advantages of effective and equitable opportunities for participation by women should be discussed;

h Establishing procedures for involving local communities in contingency planning for environmental and industrial accidents, and maintaining an open exchange of information on local hazards.

Financing and cost evaluation \$50 million from the international community on grant or concessional terms.

Bangladesh. A Danida-sponsored project to generate income for women. Such schemes provide funds for low income groups as well as allowing them to become involved in decision making processes.



Nature in Bulgaria is beautiful, diverse and unique in many respects. Its conservation requires a judicious environmental and development strategy. In addressing environmental issues Bulgaria will also rely on the cooperation, assistance and expertise of advanced industrial states. The Earth Summit was a forum which discussed global environmental problems and outlined further concerted actions based on the sustainable development concept. It is our moral obligation to do something now, so that the coming generations may live in a better and friendlier environment.

Zhelyu Zhelev
President
Republic of Bulgaria

B Providing an effective legal and regulatory framework

Basis for action Laws and regulations suited to country-specific conditions are among the most important instruments for transforming environment and development policies into action, not only through "command and control" methods, but also as a normative framework for economic planning and market instruments. Yet, although the volume of legal texts in this field is steadily increasing, much of the law-making in many countries seems to be *ad hoc* and piecemeal, or has not been endowed with the necessary institutional machinery and authority for enforcement and timely adjustment.

While there is continuous need for law improvement in all countries, many developing countries have been affected by shortcomings of laws and regulations. To effectively integrate environment and development in the policies and practices of each country, it is essential to develop and implement integrated, enforceable and effective laws and regulations that are based upon sound social, ecological, economic and scientific principles. It is equally critical to develop workable programmes to review and enforce compliance with the laws, regulations and standards that are adopted. Technical support may be needed for many countries to accomplish these goals. Technical cooperation requirements in this field include legal information, advisory services and specialized training and institutional capacity-building.

The enactment and enforcement of laws and regulations (at the regional, national, state/provincial or local/municipal level) are also essential for the implementation of most international agreements in the field of environment and development, as illustrated by the frequent treaty obligation to report on legislative measures. The survey of existing agreements undertaken in the context of conference preparations has indicated problems of compliance in this respect, and the need for improved national implementation and, where appropriate, related technical assistance. In developing their national priorities, countries should take account of their international obligations.

Objectives The overall objective is to promote, in the light of country-specific conditions, the integration of environment and development policies through appropriate legal and regulatory policies, instruments and enforcement mechanisms at the national, state, provincial and local level. Recognizing that countries will develop their own priorities in accordance with their needs and national and, where appropriate, regional plans, policies and programmes, the following objectives are proposed:

- a** To disseminate information on effective legal and regulatory innovations in the field of environment and development, including appropriate instruments and compliance incentives, with a view to encouraging their wider use and adoption at the national, state, provincial and local level;
- b** To support countries that request it in their national efforts to modernize and strengthen the policy and legal framework of governance for sustainable development, having due regard for local social values and infrastructures;
- c** To encourage the development and implementation of national, state, provincial and local programmes that assess and promote compliance and respond appropriately to non-compliance.

Activities

A Making laws and regulations more effective Governments, with the support, where appropriate, of competent international organizations, should regularly assess the laws and regulations enacted

and the related institutional/administrative machinery established at the national/state and local/municipal level in the field of environment and sustainable development, with a view to rendering them effective in practice. Programmes for this purpose could include the promotion of public awareness, preparation and distribution of guidance material, and specialized training, including workshops, seminars, education programmes and conferences, for public officials who design, implement, monitor and enforce laws and regulations.

B Establishing judicial and administrative procedures Governments and legislators, with the support, where appropriate, of competent international organizations, should establish judicial and administrative procedures for legal redress and remedy of actions affecting environment and development that may be unlawful or infringe on rights under the law, and should provide access to individuals, groups and organizations with a recognized legal interest.

C Providing legal reference and support services Competent intergovernmental and non-governmental organizations could cooperate to provide Governments and legislators, upon request, with an integrated programme of environment and development law (sustainable development law) services, carefully adapted to the specific requirements of the recipient legal and administrative systems. Such systems could usefully include assistance in the preparation of comprehensive inventories and reviews of national legal systems. Past experience has demonstrated the usefulness of combining specialized legal information services with legal expert advice. Within the United Nations system, closer cooperation among all agencies concerned would avoid duplication of databases and facilitate division of labour. These agencies could examine the possibility and merit of performing reviews of selected national legal systems.

D Establishing a cooperative training network for sustainable development law

Competent international and academic institutions could, within agreed frameworks, cooperate to provide, especially for trainees from developing countries, postgraduate programmes and in-service training facilities in environment and development law. Such training should address both the effective application and the progressive improvement of applicable laws, the related skills of negotiating, drafting and mediation, and the training of trainers. Intergovernmental and non-governmental organizations already active in this field could cooperate with related university programmes to harmonize curriculum planning and to offer an optimal range of options to interested Governments and potential sponsors.

E Developing effective national programmes for reviewing and enforcing compliance with national, state, provincial and local laws on environment and development

Each country should develop integrated strategies to maximize compliance with its laws and regulations relating to sustainable development, with assistance from international organizations and other countries as appropriate. The strategies could include:

- a** Enforceable, effective laws, regulations and standards that are based on sound economic, social and environmental principles and appropriate risk assessment, incorporating sanctions designed to punish violations, obtain redress and deter future violations;
- b** Mechanisms for promoting compliance;
- c** Institutional capacity for collecting compliance data, regularly reviewing compliance, detecting violations, establishing enforcement priorities, undertaking effective enforcement, and conducting periodic evaluations of the effectiveness of compliance and enforcement programmes;

Mechanics in a workshop in the Noakhali District, Bangladesh. Industry and business should incorporate social, economic and environmental dimensions into economic management of projects.



d Mechanisms for appropriate involvement of individuals and groups in the development and enforcement of laws and regulations on environment and development.

F *National monitoring of legal follow-up to international instruments*

Contracting parties to international agreements, in consultation with the appropriate secretariats of relevant international conventions as appropriate, should improve practices and procedures for collecting information on legal and regulatory measures taken. Contracting parties to international agreements could undertake sample surveys of domestic follow-up action subject to agreement by the sovereign States concerned.

Financing and cost evaluation \$6 million from the international community on grant or concessional terms.

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

Basis for action. Environmental law and regulation are important but cannot alone be expected to deal with the problems of environment and development. Prices, markets and governmental fiscal and economic policies also play a complementary role in shaping attitudes and behaviour towards the environment.

During the past several years, many Governments, primarily in industrialized countries but also in Central and Eastern Europe and in developing countries, have been making increasing use of economic approaches, including those that are market-oriented. Examples include the polluter-pays principle and the more recent natural-resource-user-pays concept.

Within a supportive international and national economic context and given the necessary legal and regulatory framework, economic and market-oriented approaches can in many cases enhance capacity to deal with the issues of environment and development. This would be achieved by providing cost-effective solutions, applying integrated pollution prevention control, promoting technological innovation and influencing environmental behaviour, as well as

providing financial resources to meet sustainable development objectives.

What is needed is an appropriate effort to explore and make more effective and widespread use of economic and market-oriented approaches within a broad framework of development policies, law and regulation suited to country-specific conditions as part of a general transition to economic and environmental policies that are supportive and mutually reinforcing.

Objectives Recognizing that countries will develop their own priorities in accordance with their needs and national plans, policies and programmes, the challenge is to achieve significant progress in the years ahead in meeting three fundamental objectives:

- a** To incorporate environmental costs in the decisions of producers and consumers, to reverse the tendency to treat the environment as a "free good" and to pass these costs on to other parts of society, other countries, or to future generations;
- b** To move more fully towards integration of social and environmental costs into economic activities, so that prices will appropriately reflect the relative scarcity and total value of resources and contribute towards the prevention of environmental degradation;
- c** To include, wherever appropriate, the use of market principles in the framing of economic instruments and policies to pursue sustainable development.

Activities

A *Improving or reorienting governmental policies*

In the near term, Governments should consider gradually building on experience with economic instruments and market mechanisms by undertaking to reorient their policies, keeping in mind national plans, priorities and objectives, in order to:

- a** Establish effective combinations of economic, regulatory and voluntary (self-regulatory) approaches;
- b** Remove or reduce those subsidies that do not conform with sustainable development objectives;
- c** Reform or recast existing structures of economic and fiscal incentives to meet environment and development objectives;

- d Establish a policy framework that encourages the creation of new markets in pollution control and environmentally sounder resource management;
- e Move towards pricing consistent with sustainable development objectives.

In particular, Governments should explore, in cooperation with business and industry, as appropriate, how effective use can be made of economic instruments and market mechanisms in the following areas:

- i Issues related to energy, transportation, agriculture and forestry, water, wastes, health, tourism and tertiary services;
- ii Global and transboundary issues;
- iii The development and introduction of environmentally sound technology and its adaptation, diffusion and transfer to developing countries, in conformity with chapter 34.

B Taking account of the particular circumstances of developing countries and countries with economies in transition

A special effort should be made to develop applications of the use of economic instruments and market mechanisms geared to the particular needs of developing countries and countries with economies in transition, with the assistance of regional and international economic and environmental organizations and, as appropriate, non-governmental research institutes, by:

- a Providing technical support to those countries on issues relating to the application of economic instruments and market mechanisms;
- b Encouraging regional seminars and, possibly, the development of regional centres of expertise.

C Creating an inventory of effective uses of economic instruments and market mechanisms

Given the recognition that the use of economic instruments and market mechanisms is relatively recent, exchange of information about different countries' experiences with such approaches should be actively encouraged. In this regard, Governments should encourage the use of existing means of information exchange to look at effective uses of economic instruments.

D Increasing understanding of the role of economic instruments and market mechanisms

Governments should encourage research and analysis on effective uses of economic instruments and incentives with the assistance and support of regional and international economic and environmental organizations, as well as non-governmental research institutes, with a focus on such key issues as:

- a The role of environmental taxation suited to national conditions;
- b The implications of economic instruments and incentives for competitiveness and international trade, and potential needs for appropriate future international cooperation and coordination;
- c The possible social and distributive implications of using various instruments.

E Establishing a process for focusing on pricing

The theoretical advantages of using pricing policies, where appropriate, need to be better understood, and accompanied by greater understanding of what it means to take significant steps in this direction. Processes should therefore be initiated, in cooperation with business, industry, large enterprises, transnational corporations, as well as other social groups, as appropriate, at both the national and international levels, to examine:

- a The practical implications of moving towards greater reliance on pricing that internalize environmental costs appropriate to help achieve sustainable development objectives;

- b The implications for resource pricing in the case of resource-exporting countries, including the implications of such pricing policies for developing countries;

- c The methodologies used in valuing environmental costs.

F Enhancing understanding of sustainable development economics

Increased interest in economic instruments, including market mechanisms, also requires a concerted effort to improve understanding of sustainable development economics by:

- a Encouraging institutions of higher learning to review their curricula and strengthen studies in sustainable development economics;
- b Encouraging regional and international economic organizations and non-governmental research institutes with expertise in this area to provide training sessions and seminars for government officials;
- c Encouraging business and industry, including large industrial enterprises and transnational corporations with expertise in environmental matters, to organize training programmes for the private sector and other groups.

Financing and cost evaluation \$5 million from the international community on grant or concessional terms.

D Establishing systems for integrated environmental and economic accounting

Basis for action. A first step towards the integration of sustainability into economic management is the establishment of better measurement of the crucial role of the environment as a source of natural capital and as a sink for by-products generated during the production of man-made capital and other human activities. As sustainable development encompasses social, economic and environmental dimensions, it is also important that national accounting procedures are not restricted to measuring the production of goods and services that are conventionally remunerated. A common framework needs to be developed whereby the contributions made by all sectors and activities of society, that are not included in the conventional national accounts, are included, to the extent consistent with sound theory and practicability, in satellite accounts. A programme to develop national systems of integrated environmental and economic accounting in all countries is proposed.

Objectives. The main objective is to expand existing systems of national economic accounts in order to integrate environment and social dimensions in the accounting framework, including at least satellite systems of accounts for natural resources in all member States. The resulting systems of integrated environmental and economic accounting (IEEA) to be established in all member States at the earliest date should be seen as a complement to, rather than a substitute for, traditional national accounting practices for the foreseeable future. IEEAs would be designed to play an integral part in the national development decision-making process. National accounting agencies should work in close collaboration with national environmental statistics as well as the geographic and natural resources departments. The definition of economically active could be expanded to include people performing productive but unpaid tasks in all countries. This would enable their contribution to be adequately measured and taken into account in decision-making.

Activities

A *Strengthening international cooperation*

The Statistical Office of the United Nations Secretariat should:

- a Make available to all member States the methodologies contained in the SNA Handbook on Integrated Environmental and Economic Accounting;
- b In collaboration with other relevant United Nations organizations, further develop, test, refine and then standardize the provisional concepts and methods such as those proposed by the SNA Handbook, keeping member States informed of the status of the work throughout this process;
- c Coordinate, in close cooperation with other international organizations, the training of national accountants, environmental statisticians and national technical staff in small groups for the establishment, adaptation and development of national IEEAs.

The Department of Economic and Social Development of the United Nations Secretariat, in close collaboration with other relevant United Nations organizations, should:

- i Support, in all member States, the utilization of sustainable development indicators in national economic and social planning and decision-making practices, with a view to ensuring that IEEAs are usefully integrated in economic development planning at the national level;
- ii Promote improved environmental and economic and social data collection.

B *Strengthening national accounting systems*

At the national level, the programme could be adopted mainly by the agencies dealing with national accounts, in close cooperation with environmental statistics and natural resource departments, with a view to assisting national economic analysts and decision makers in charge of national economic planning. National institutions should play a crucial role not only as the depositary of the system but also in its adaptation, establishment and continuous use. Unpaid productive work such as domestic work and child care should be included, where appropriate, in satellite national accounts and economic statistics. Time-use surveys could be a first step in the process of developing these satellite accounts.

C *Establishing an assessment process*

At the international level, the Statistical Commission

should assemble and review experience and advise member States on technical and methodological issues related to the further development and implementation of IEEAs in member States.

Governments should seek to identify and consider measures to correct price distortions arising from environmental programmes affecting land, water, energy and other natural resources.

Governments should encourage corporations:

- a To provide relevant environmental information through transparent reporting to shareholders, creditors, employees, governmental authorities, consumers and the public;
 - b To develop and implement methods and rules for accounting for sustaining development.
- ### D *Strengthening data and information collection*
- National Governments could consider implementing the necessary enhancement in data collection to set in place national IEEAs with a view to contributing pragmatically to sound economic management. Major efforts should be made to augment the capacity to collect and analyse environmental data and information and to integrate it with economic data, including gender disaggregated data. Efforts should also be made to develop physical environmental accounts. International donor agencies should consider financing the development of intersectoral data banks to help ensure that national planning for sustainable development is based on precise, reliable and effective information and is suited to national conditions.

E *Strengthening technical cooperation*

The Statistical Office of the United Nations Secretariat, in close collaboration with relevant United Nations organizations, should strengthen existing mechanisms for technical cooperation among countries. This should also include exchange of experience in the establishment of IEEAs, particularly in connection with the valuation of non-marketed natural resources and standardization in data collection. The cooperation of business and industry, including large industrial enterprises and transnational corporations with experience in valuation of such resources, should also be sought.

Financing and cost evaluation \$2 million from the international community on grant or concessional terms.

Women receiving instruction in the use of pesticides as part of farming skills training in Hesaragatta, India. Environment standards can pose severe economic and social costs if they are uniformly applied in developing countries.

