

## 2. Enabling Environment and Implementation Strategies for Sustainable Development

Drafted by the Economic and Social Commission for Asia and the Pacific

Please note that this brief focuses, for the time being, on the national SD process and tools that might be used to enable a more effective balance and integration of the pillars of SD. It does not cover the full range of enablers which we hope to glean from the other briefs being prepared for this process. We would appreciate your comments though changes are expected to be suggested through other briefs etc.

### Summary

The five year review of the Mauritius Strategy and the peer review process as part of the Forum Compact show that enabling environment for pursuing sustainable development consists of several important components. A strong **coordination** mechanism within and across different government agencies, **participation and engagement** of all relevant stakeholders in the policy development and implementation process, strong **linkages between policies and national budgets** and other financing mechanisms, improved **governance**, and effective **monitoring mechanism** to assess implementation of policies are key enablers. Another enabling condition is the fostering of regional and international **partnerships** to utilize resources more effectively. However, limited capacity and inadequate legal and institutional frameworks have hindered making progress in maintaining a positive enabling environment in the Pacific.

The global financial crisis and the food and fuel crises have made it clear that **macroeconomic stability** is an important enabler of sustainable development in the Pacific. Other enablers that have recently been identified at the Rio+20 conference include provision of **finance** in accordance with national priorities, **private sector** development, **technology** transfer and **information sharing** and partnerships, **capacity building**, and an equitable universal multilateral **trading** regime. **Green economy** is an important tool and an enabler to achieve sustainable development. Through appropriate fiscal and monetary policies, green economy approach can promote sustainable production and consumption patterns, effective management of natural resources with lower environmental impacts, increase resource efficiency and reduce waste, and sustain equitable economic growth that benefits all social groups.

## Key Issues

The 5-year review of the Mauritius Strategy<sup>1</sup> and the peer review process as part of the Forum compact have identified several important components of an enabling environment that fosters sustainable development.

- **Better Coordination:** While the three pillars of sustainable development were covered well in the National Sustainable Development Strategies (NSDSs), a piecemeal approach in addressing economic, social, and environmental issues had not necessarily translated into integrated sustainable development. Therefore better coordination is required to create linkages both across and within different agencies and sectors and integrate the three pillars in a holistic manner. Sustainable development policies should also be linked to national budgets to make them effective. Better coordination is also required among development partners.
- **Participation and inclusion:** Meaningful participation by all stakeholders is essential for policy formulation and implementation. There should be genuine partnerships between governments, private sector, development partners, and the community at large. They should be socially inclusive and engage women, youth, people with disabilities, and other vulnerable groups both during development and implementation.
- **Good governance and strengthened institutions:** Inadequate legal and institutional frameworks and lack of capacity have hindered planning and implementation of sustainable development policies. Need for improved legislative, administrative and institutional structure.
- **Measuring and keeping track of progress:** Measurable sustainable development indicators and targets are required to monitor and evaluate progress.

These lessons highlight the need to further strengthen an **integrated framework** that combines environmental sustainability, inclusive economic development, inclusive social development, and peace and security. Such an integrated paradigm ensures that **people are at the centre** of sustainable development. Achieving this requires, among others, sustainable use of natural resources; good democratic governance that respects rule of law, human rights, and women's empowerment; universal access to health care and education, and inclusive social protection schemes. The global financial crisis and the food and fuel crises have prompted the region to realize that **macroeconomic stability** is important enablers for achieving sustainable development.

During the Rio+20 Conference, leaders have identified other important enablers. They are: **availability of finance** in accordance with national priorities and needs, **private sector development**, **technology transfer** and cooperation among countries in research and development, **capacity building** including strengthening institutional capacity, and an equitable **multilateral trading system**.

**Green economy** policies are an important tool to achieve sustainable development. Using appropriate fiscal and monetary policies, green economy approach can help promote sustainable production and consumption patterns, effective management of natural resources with lower

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<sup>1</sup> Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu were covered in this review.

environmental impacts, increase resource efficiency and reduce waste, and sustain equitable economic growth that benefits all social groups. Sharing of best practices and formulating methods to measure the effectiveness of such policies are crucial.

## **Background**

The five year review of the implementation of the Mauritius Strategy, and the Pacific island countries' peer review process (as part of the Forum Compact) of examining national development and budget process have identified the region's progress and gaps in achieving sustainable development. Identifying these gaps is important because at the Rio+20 conference global leaders renewed their commitment to assess the progress and gaps in the implementation of the outcome of major summits on sustainable development.

These processes are useful in outlining the enabling environment for pursuing sustainable development. Several important components of the enabling environment need to be strengthened in the Pacific. First, the region needs to think about sustainable development in integrated terms. This requires coordination between different government agencies to holistically develop and implement national sustainable development policies. This requires focusing on "whole of system" issues, and improved coordination among and across different agencies, while still strengthening individual sectors. Extensive consultations, including genuine partnerships between governments, private sector, development partners, and the community at large and which includes voices of women, youth, people with disabilities, and other disadvantaged groups is also required, as it promotes sense of national ownership. The peer review process as well as the review of the Mauritius Strategy showed that sector strategies were most effective when they were linked to national budgets and consolidated fiscal management systems<sup>2</sup>.

The review also found that at the regional and the international level, partnerships make up a crucial part of an enabling environment. Pacific's fairly robust regional architecture in the form of the Council of Regional Organizations in the Pacific (CROP) allows sharing and pooling of resources from eleven intergovernmental organizations in the Pacific. However, the peer review process showed the need for better coordination among development partners, including moving towards a more programmatic approach that supports the countries' national policies, instead of spending money on ad-hoc projects that have no clear linkages to national goals.

Weak capacity, inadequate budgets, and poor coordination of policy implementation have been key challenges facing the Pacific island countries. These issues are exacerbated by inadequate legal and institutional frameworks, and the lack of effective monitoring mechanisms to assess implementation of policies. As such these areas of the enabling environment need further improvement.

Moving forward post-Rio+20 era, it is clear that we need an integrated framework that combines environmental sustainability, inclusive economic development, inclusive social development, and peace and security. The enablers to realize such a framework includes sustainable use of natural

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<sup>2</sup> MSI 5 year review, ESCAP

resources; management of natural disasters and disaster response; good democratic governance that respects rule of law, human rights, and women's empowerment; food and nutritional security, universal access to health care and education, as well as inclusive social protection schemes; affordable access to sustainable energy; adequate financing for development, and coherent macroeconomic policies. Such an integrated paradigm ensures that people are at the centre of sustainable development.

The global financial crisis and the food and fuel crises have prompted the region to realize that prudent macroeconomic policies are important enablers for achieving sustainable development. Given the vulnerabilities Pacific countries face, macroeconomic stability—stable prices, competitive exchange rates, and adequate foreign exchange cover—is essential for achieving sustainable economic growth, which in turn is a prerequisite for sustainable development. This includes the need to ensure that budget deficits do not lead to unmanageable levels of external debt, and that deficits are only used to finance productive investments. Therefore quality of government spending is very crucial, along with good governance. There is also need for policies that enhance financial inclusion, specifically for populations not in the formal economy.

There are other important enablers of sustainable development that global leaders have identified in the Rio+20 Conference. Availability of finance in accordance with national priorities and needs is an important enabler, and consistent with the lessons learned from the Forum peer-review process, the funds need to be coordinated well among development partners, to be channelled to more programme-based approaches to improve aid-effectiveness and encourage national ownership. Private sector development, along spirit of entrepreneurship and innovation can be important enablers. Technology transfer and cooperation among countries in research and development is helpful to strengthen national capacities for sustainable development. This is complementary to other forms of capacity building such as human resource development, strengthening institutional capacity, including planning, management and monitoring capacity. A universal, rules-based, open, non-discriminatory, and equitable multilateral trading system can be a significant enabler for sustainable development.

Green economy is an important tool and an enabler to achieve sustainable development. In Rio, the Global leaders suggested that implementation of green economic policies requires governments to improve knowledge and statistical capacity, provide social protection and education, and use policy measures such as fiscal and monetary tools. For example, tax, subsidies, national budget and monetary policies could help promote sustainable production and consumption patterns, effective management of natural resources with lower environmental impacts, increase resource efficiency and reduce waste, and sustain equitable economic growth that benefits all social groups. It is important that countries share best practices in applying green economic policies, models or good example of green economic policies, and methods to evaluate such policies. Role of private sector is also crucial here, including new forms of financing mechanisms such as public-private partnerships. Green economic policies require appropriate goals, targets and indicators to appropriately monitor and evaluate progress.

## References

## Key Documents and Hyperlinks