Policy Brief

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2/2016

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Concepts, Tools and Experiences in Policy Integration for Sustainable Development

The 2030 Agenda for Sustainable Development emphasises the importance of recognizing sustainable development as multidimensional, requiring balanced policy action across economic, social and environmental dimensions. This characteristic of sustainable development poses a key challenge: integrating policies across its different dimensions and levels of implementation.

This policy brief conceptualises the notion of policy integration for sustainable development, highlighting concepts, tools and experiences in integrated policy making. It provides specific guidance on how policy making can be pursued in the era of the 2030 Agenda. The brief also seeks to elaborate on the policy implications of designing and implementing integrated policies for sustainable development.

KEY ASPECTS AND CONCEPTS OF POLICY INTEGRATION

DEFINITION

An integrated policy is one that maximizes benefits to the three dimensions of sustainable development – economic, social and environmental – not as a sum, but each in its own right.

At the core of policy integration is the objective to achieve balanced outcomes, affecting all three dimensions positively rather than prioritizing one over the other. Ideally, policy integration achieves win-win-win outcomes, i.e. delivers mutually reinforcing beneficial outcomes in each of the economic, environmental and social spheres and goes beyond weighing trade-offs across the three dimensions. Given the interrelated nature of development outcomes, macroeconomic policies that have negative impacts on social or environmental dimensions hamper sustainable development and should be discarded in favour of alternative policies that optimize outcomes across the three dimensions.

Three characteristics of policy integration are intrinsically conducive to achieving sustainable development and advancing the 2030 Agenda: First, integrated policies are **inherently long-term** in nature, as policies that seek to sustain the environment while addressing social needs and advancing economic development work to the betterment of living conditions for current and future generations. On the other hand, policies that target only immediate economic gains while disregarding social and environmental aspects have a short-term focus, as future generations will face the burden caused by their negative externalities. The longer-term nature of policy integration is a key motivation for fully embracing it as the means to achieving sustainable development as embodied in the 2030 Agenda, and to overcome the short-termism inherent in traditional development models.

Secondly, policy integration is a **"soft" form of analysis,** as the scope of methodological approaches in its design goes beyond monetary cost-benefit analysis. It is hence well suited to meet the demands of the 2030 Agenda, as the three-dimensional perspective of sustainable development requires analyses to go beyond classic input-output theorems to ensure that complex and interrelated issues are adequately assessed.

The third characteristic that qualifies policy integration as a key means of achieving the comprehensive vision of the 2030 Agenda is its inherent **openness to stakeholder engagement**. The intrinsic multidimensionality of integrated policy requires analysis, perspectives and lessons learned to be considered from a wide range of stakeholders with expertise in economic, social, environmental and cross-cutting fields. While this increases the burden of work in policy design, it can foster accountability and counterweigh special interests, as the increased number of contributors provides broad, but balanced perspectives. This approach also broadens ownership, strengthens implementation and supports continuous reviews and evaluation of policy outcomes.

POLICY TOOLS FOR SUSTAINABLE DEVELOPMENT

Policy tools that integrate different dimensions into policy decision making processes have been part of the policy discourse for decades. Environmental impact assessments for instance have received wide attention from policy makers and academia since their first use in the late 1960s. Sustainability assessments are a much more recent phenomenon. An important characteristic that these approaches share is the emphasis on assessing the impact of policies on environmental or social dimensions before policy choices are made.

Environmental impact assessments seek to integrate environmental considerations into policy processes across stages of project planning with the objective to reduce any negative environmental impact. The goal is hence to achieve compliance with environmental standards and limit side-effects of economic and social policies on the environment, not *per se* to achieve positive environmental outcomes. This very aspect limits the applicability to the 2030 Agenda, which promotes proactive environmental policy. In order to achieve this objective, environmental aspects need to be fully integrated into policy design to enable the attainment of win-win-win outcomes. The social component is also not part of the EIAs, further limiting its appeal for sustainable development policy.

In order to address these shortcomings, **sustainability assessments** have become the primary tool for integrating environmental, economic and social aspects into policy decisions and for maximising the synergies across the three dimensions. Ideally, sustainability assessments lead to win-win-win policies that minimize trade-offs and achieve positive outcomes across economic, social and environmental dimensions of sustainable development.

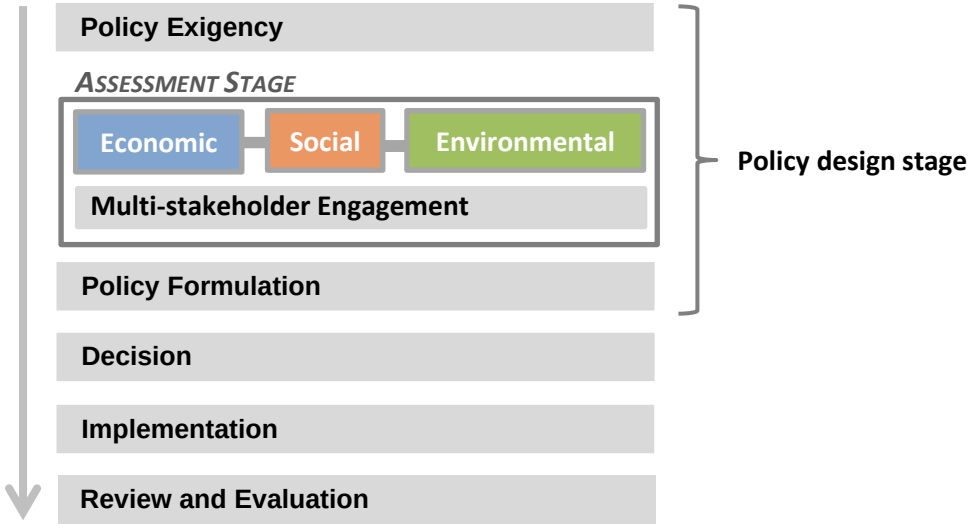
Sustainable Policy Design

In designing policies, the **frontloading of assessments** with in-depth, context-specific and participatory analyses, is the most important aspect to ensure that integrated and coherent policies for sustainable development are obtained. In particular, the early stages, including the policy design stage, are central to achieving integrated policy at the national level, as they allow for an early assessment of policy benefits and shortcomings across all three dimensions of sustainable development.

As Chart 1 below highlights, considerations about the economic, social and environmental effects of policy should be addressed before a policy is formulated. The policy exigency stage is where a need or opportunity is decided to be addressed through a dedicated policy. The following stage, the assessment stage, is where environmental, social and economic objectives should be considered to enable win-win-win and balanced outcomes across all three dimensions. This is also the stage in which multiple stakeholders should be involved to enable a wide-ranging and inclusive analysis of the policy issue.

Through ex-ante evaluations of effects on economic, social and environmental impacts, policy planning can take into account effects on sustainable development prior to the policy formulation, decision and implementation stages, allowing for optimization from the earliest possible stage. This stage is also crucial for setting benchmarks, performance criteria and evaluation methods.

***Chart 1:* Processes in Policy Integration and Implementation**



Source: UN DESA

Key to the process, as the case studies below highlight further, is the need to contextualise issues and elaborate specific policy actions. There is no one-size-fits-all approach to policy integration as policy objectives and impacts are specific to different policy environments. The need for context-specific assessments at national and local levels further highlights the important role of stakeholder engagement, as stakeholders can offer particular and diverse knowledge of needs and of the likely effects of policies.

RENEWABLE ENERGY

Renewable energy policies, particularly financing and incentive-based policies are suitable examples for the integration of the three dimensions of sustainable development at national levels. While renewable energy policies are inherently focused on the environmental dimension, they integrate social and economic aspects in a balanced manner, generating win-win-win outcomes. Renewable energy policies follow the processes outlined above, i.e. social, economic and environmental concerns enter at the policy design phase. Renewable energy policies address a multidimensional policy exigency of providing economically viable, socially and environmentally sound energy. Financing renewable energy production can reduce environmental degradation and carbon emissions, decreasing reliance on fossil fuels. In the social domain, the policy has substantial public health benefits and increases the quality of life of the population by reducing pollution. In fragile countries, it can also promote more peaceful societies through reducing the space for violent competition over natural resources. It further creates decent, green jobs, fostering human capital accumulation in newly competitive sectors, strengthening the overall competitiveness of the economy. With regards to the economic dimension, the renewable energy financing policies can carry substantial economic benefits, despite the fact that its viability fluctuates with changing oil prices. A widely cited challenge for the phasing out of fossil fuel energy sources in favour of renewable energy, particularly in developing countries, has been the rapidly rising overall demand for energy and the limits to economies of scale in renewable energy production. Higher costs, reduced local access and financing risks have also received attention as hurdles to implement renewable energy policy.

Concrete experiences show the multidimensional effects of integrated policies in renewable energy investment: In India, renewable energy policy has generated significant economic, environmental and social benefits, reducing coal imports and thus fostering economic stability through a reduction of India's current account deficit. As the price of wind energy in India is already lower than the price of imported coal, the policy also carries extensive domestic economic benefits.[1] In Russia, renewable energy policies are expected to produce net economic benefits and support the diversification of the Russia's energy, while fostering energy security by decentralising electricity distribution.[2] In both countries, the policy has also led to significant public health benefits by reducing pollution. In the European Union, the legally binding Renewable Energy Directive seeks to foster renewable energy investments across its member states. Rather than providing a one-size-fits-all approach the policy is framed to support each State's unique national energy policy needs, contextualising the policy exigency for a country's specific energy requirements and markets. [3]

[1] Shrimali et al. (2015) *Reaching India's Renewable Energy Targets Cost-Effectively*. CPI-ISB Series April 2015.

[2] IFC (2011) *Renewable Energy Policy in Russia: Waking the Green Giant.* IFC Discussion Papers.

[3] Directive 2009/28/EC of the European Commission on the promotion of the use of renewable energy.

BOLSA VERDE

An example of a micro-policy that integrates economic, social and environmental issues at the policy exigency and formulation stages is Brazil's Bolsa Verde. The policy is a conditional cash-transfer programme, tied to children's education and to environmental conservation that seeks to foster the economic empowerment of peoples living in areas with fragile ecosystems. The targeted objectives of Bolsa Verde are multi-dimensional as policy needs arise from environmental, economic and social concerns that are addressed jointly by the programme. The programme acknowledges that social, economic and environmental goals cannot be achieved in a vacuum, but need to be in sync.

Bolsa Verde provides win-win-win impacts across the three dimensions: Economic benefits include rising incomes and increased economic prosperity in impoverished rural areas. With regards to environmental benefits, the program strengthens the conservation of ecosystems and biodiversity, providing environmental training and enhancing monitoring capacity in remote locations.[4] In the social domain, the policy alleviates poverty and improves living conditions. However, the Bolsa Verde has also been criticised for limiting the ability of local and indigenous people to engage in traditional agricultural activities in protected areas. This highlights the importance of carefully analysing context-specific effects of policies across a wide range of areas, including impacts on peace and security, human rights and others that are closely tied to the three dimensions of sustainable development.

LAND AND WATER MANAGEMENT

A common factor that may weaken the impact of polices is the failure to consider the complexity, context, interrelationship and indirect impacts of projects. Policies that seek to integrate the three dimensions of sustainable development may lack specificity that can lead policy makers to overlook cross-sectoral effects. One example of such policies is land management policy that seeks to advance the economic, social and environmental dimensions. Nonetheless, these policies may jeopardise positive effects by failing to account for interrelated issues such as water management. Watersheds and Surface/groundwater systems are highly complex and interrelated. Failure to recognise this complexity may hurt sustainable development. Droughts, floods, crop failure and turbidity/water quality issues are among the major side effects of changes to land management systems.

The complex nature of water and land management is amplified by the existence of administrative boundaries, as water is managed at basin level and land use at regional and local levels. Inter-country coordination may further add complexity and heighten the need for coordination at the regional level. The complexity and boundaries to successful management of water and land require heightened coordination at initial stages of policy formulation as well as a wide range of expert and stakeholder input throughout the policy design phase. It also depends crucially on building capacity across different disciplines.[5]

[4] Bolsa Verde, retrieved from http://www.uncsd2012.org (link)

[5] UN Economic Commission for Africa (2011) Sustainable Development Report on Africa: Managing Land-Based Resources for Sustainable Development

Limitations and Challenges

A main challenge of integrated approaches to policy making is to align interests among ministries and departments, and across local, national and global levels, where applicable. Fully integrated policies for sustainable development require careful balancing of societal interests as benefits to social and environmental dimensions may not be easily quantifiable and hence more difficult to perceive and communicate. Related to the need for stakeholder engagement and contextualisation is the challenge to provide adequate institutional frameworks for policy integration for sustainable development. Capacity needs for policy integration are substantial. Public institutions will need to be equipped with capability to lead inter-ministerial, multi-disciplinary and multistakeholder assessments in policy formulation.

Context-specific policy design, stakeholder engagement and coordination are costly and time-intensive; efforts to accelerate processes might be to the detriment of transparency and accountability. Traditional divisions of labor and responsibilities between specialised ministries can further hurt the integration of cross-cutting issues. The multidimensional nature of policy integration also requires balancing policy tools across the three dimensions. Overreliance on one or the other (in the past often economic or environmental tools) can come at a cost to the other dimensions (often the social).

The United Nations system can help bolster countries efforts to overcome the limitations and challenges associated with policy integration, by helping to build institutional and functional capacity, particularly in least-developed and developing countries. The ECOSOC system through its functional commissions and expert bodies can provide technical guidance in diverse functional fields, as well as facilitate the exchange of best practices and lessons learned at regional and global levels. The ECOSOC system can furthermore support the advancement of multi-stakeholder collaboration and provide the institutional frameworks for cross-sectoral policy action.

KEY CONCLUSIONS AND POLICY IMPLICATIONS

The 2030 Agenda poses unique challenges to policy makers in transforming a universal vision of sustainable development into results. This policy brief has highlighted several characteristics of policy integration that make it an indispensable building block for constructing a new era of sustainable development and addressing the demands of the 2030 Agenda. First, integrated policies are inherently long-term in nature, geared towards achieving improvements of living conditions for current and future generations. Secondly, policy integration is a “soft” form of analysis that goes beyond cost-benefit analysis, considering policies holistically. And thirdly, integrated policy making is intrinsically open to stakeholder and multi-disciplinary engagement, given its broad scope.

The challenges attached to policy integration, in particular the need to break down silos in traditional policy-making processes and create supportive institutional frameworks, highlight the need to foster capacity and build arrangements for exchanges of lessons learned. To achieve this, strong partnerships are necessary to support capacity building particularly in countries most in need. Such limitations and challenges also call for greater integration and renewed innovation from all development cooperation actors. The following box highlights key implications of policy integration for sustainable development to ensure balanced outcomes across the economic, social and environmental dimensions.

POLICY IMPLICATIONS

- Policy makers should **frontload economic, social and environmental concerns** in planning processes to achieve policy integration: Sustainable development policies require economic, social and environmental considerations to enter in the **policy origination and design stages** in order to ensure that the three dimensions are balanced and benefits to each are maximised. **Participatory evaluation and review** methodologies should be built into planning and design stages.
- **Increased coordination and coherence** in the design of development policies is essential to achieving integrated and balanced outcomes. Increased coherence can enable the streamlining of crosscutting issues to overcome sectoral silos in policy making processes and support holistic and multidimensional assessments.
- The **prevailing architecture of policy making institutions** of governments at the local and of the UN system at the global level may hinder the integration of policies across the three dimensions. Disciplinary boundaries need to be overcome and coherence needs to be fostered across ministries to achieve holistic and multidimensional policies. The UN system and the ECOSOC system should support initiatives to strengthen coherence at all levels.
- One-size-fits-all approaches are not suitable for addressing the multidimensional challenges of the 2030 Agenda. Policies for sustainable development call for **contextualisation** to recognise the complexity of national and local challenges.
- **Stakeholder engagement** needs to be fostered at the policy origination stage in order to ensure that concrete areas of need and all the dimensions of sustainable development are adequately addressed.
- The need for context-specific approaches highlights the importance of **building capacity for policy integration** to ensure that resources and techniques are available to enable stakeholder involvement, to conduct case-specific analysis and to allow for appropriate policy space to develop policies at the national level.
- **Side effects** need to be accounted for to ensure that policies, even if seemingly integrated across the three dimensions, do not hurt progress in other policy areas.
- The **ECOSOC system should be further mobilized** to support countries in overcoming the challenges of integrating policies including through institutional capacity building, representing a high burden particularly for least-developed and developing countries.

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