



Strategic plan for the Environment for Development Initiative 2013 - 2017

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1 Background

The Environment for Development Initiative was launched in 2007. With support from the Swedish International Development Cooperation Agency (Sida) six environmental economics's centers were established in Central America (CATIE), China (Peking University), Ethiopia (Ethiopian Development Research Institute and Addis Ababa University), Kenya (University of Nairobi and KIPPRA), South Africa (University of Cape Town) and Tanzania (University of Dar es Salaam). The initiative is coordinated from University of Gothenburg, Sweden with support from Resources for the Future in Washington DC.

The Initiative builds on 20 years of capacity building in environmental economics. During the implementation of the capacity building program four gaps were identified that reduced the use of environmental economics analysis in key policies in developing countries.

A fundamental problem is the general **lack of analytical capacity** that is needed to analyze the difficult interactions and trade-offs between economic development, environmental management and the behaviour in various income groups. There is also a subsequent **lack of empirical analysis for policy design** that is sensitive to the political circumstances. Such analysis is also fundamental for the domestic ownership of national development plans and their subsequent implementation. However, lack of knowledge-based policy is only partly due to a lack of capacity or vested interests. It is also due to the **missing or poor communication between policy makers and academics**. This gap is particularly evident in many African countries that even have a history of mutual distrust between the universities and the government. Finally, there is a **lack of institutions** that could channel external resources to help match policy needs with local academic capacity.

This strategic plan for the EFD initiative is intended to address these gaps. EFD has a particularly important role address the institutional gap. The most important challenge in this strategy is therefore to establish EFD as an efficient institution to channel resources to environmental economics capacity building, applied research and policy interaction in developing countries.

2 Vision and mission

2.1 Vision

Sustainable economic growth founded on efficient management of ecosystems, natural resources and climate change impacts.

2.2 Mission

To contribute to poverty alleviation and sustainable development through increased use of environmental economics' capacity, tools and instruments in policy design and policy-making processes pertaining to management of ecosystems, natural resources and climate change impacts.

2.3 Approaches and strategic goals

EfD will fulfill its mission and address the identified gaps through a range of approaches. The choice of approaches is based on past experiences, comparative advantages and efficiency consideration in reaching the goals of the initiative.

2.3.1 Capacity building

Knowledge is the most fundamental key to a sustainable future and the single most important contribution that EfD can make is to engage in capacity building. EfD also has a comparative advantage compared to many other organizations through the involvement by its members in academic programs. Many modalities have already been tried and they should be developed, expanded and new initiative added. Activities include:

- *PhD programs:* such as the full specialization in environmental and climate economics at University of Gothenburg and other programs with a minor specialization. It is particularly important to enable supervision and field study grants so that PhD students can write their theses in environmental economics since it is likely to affect their future academic career.
- *Short-term courses:* PhD students as well as researchers can benefit greatly from short-term specialization courses focusing on particular methodologies.
- *MSc programs:* are important to prepare for PhD programs and for public service. Within a few years of completing their program, former students can be expected to take on important responsibilities within their ministries and agencies. It is therefore important to provide high quality specialization courses, funding for relevant field studies and the thesis grants and high-quality supervision. Graduate courses can also be organized in collaboration with foreign universities to facilitate international exchanges.
- *Policy courses:* A more direct way is to address policy makers and civil servants directly with policy relevant capacity building courses. This is particularly efficient when done in combination with the other components.

Strategic capacity building goal:

To enhance the capacity of locally-based researchers at national universities to conduct policy-relevant research, teach and give policy advice in environmental and climate economics

Outcomes:

- i. Strengthened national capacity and national systems for knowledge management and knowledge provision for policy and strategic planning in support of sustainable economic growth.
- ii. Strengthened partnerships for north-south and south-south collaboration on environmental policy integration

2.3.2 Research

A primary objective for the capacity is to create new knowledge that can support the sustainable management of resources. EfD has therefore an important role to play in facilitating the identification, funding and implementation of policy relevant research on environment and poverty challenges. Modalities to do this include:

- *Research fund:* A core activity for EfD is to manage a research fund with annual calls to the collaborating centers.
- *Collaborative research:* EfD is in a unique position to contribute with more general findings and syntheses through collaborations between the centers. These collaborations can both be centered around particular empirical (thematic) topics and methodologies.
- *Data collection and management:* solid empirical analysis needs to be based on solid data. Given the dearth of reliable environmental/poverty data EfD will continue to play a role in generating such data. It is equally important to make the data readily available to competent researchers.

Strategic research goal:

To promote applied research using environmental economics to support poverty alleviation and sustainable development

Outcomes:

- i. Maintenance of an annual cycle of policy interaction, proposal design and review of policy relevant environmental research.
- ii. Increased international (not least South-South) research collaboration.
- iii. Gradually increased funding for such research.

2.3.3 Policy interaction

The third identified gap concerned the limited interaction between academia and the policy community. Academic institutions have seldom invested in the policy interaction interface while

government agencies are sometimes hesitant in seeking the advice of academia. EfD is therefore actively investing in the policy interaction interface for example through:

- *Policy boards:* and other bodies to facilitate the involvement of policy makers in the identification, design and dissemination of research.
- *Publications:* of research and policy advice through books, articles, discussion papers, policy briefs, web sites etc in order to make the research as accessible as possible.
- *Interaction activities:* academic knowledge is best meshed into policy processes through personal interaction. EfD should therefore be active in creating and participating in such activities.

Strategic policy interaction goal:

To inform policy-making related to sustainable management of ecosystems and natural resources, and the green economy agenda

Outcomes:

- i. Permanent interface created with policy-making processes at national level, such as policy boards, tailored to country specific needs.
- ii. Integration of environment into national strategic policy processes, such as country assistance frameworks, national development plans (e.g. Poverty Reduction Strategies), and Multilateral Environmental Agreements (MEA) Action Plans (NAMAs, NAPAs, etc), through use of economic instrument.
- iii. EfD research informs global environment-development institutions and processes and its research is reflected in UN, World Bank, GEF, Sida and other bilateral donors projects and reports.

2.3.4 Institution building

EfD has a special role to play in establishing appropriate and efficient institutions that can work as platforms to match human capacity with available resources to carry out policy relevant research and participate in policy interaction activities. This can be done through:

- *Establishment of environmental economics centers:* this was a key activity during the first phase of the EfD initiative. There is still a great need for this in many countries.
- *Strengthening of academic environments:* a long-term challenge is to maintain a high quality of research and teaching.
- *Strong administrative back-stopping:* by building a dedicated organization EfD will be able to deliver on its objectives to build capacity, implement research and participate in policy interaction.

Capacity building goal:

To enhance the capacity of locally-based researchers at national universities to conduct policy-relevant research, teach and give policy advice in environmental and climate economics

Outcomes:

- i. Expanded network of environmental economics centers participating in EFD activities.
- ii. Improved academic quality at collaborating EFD centers.
- iii. Increased institutional capacity to fund and implement capacity building, research and policy interaction.

3 Organization and governance – A global network of environmental economics’ centers

3.1 Institutionalizing EFD and the national level

3.1.1 EFD Research Fellows

The foundation of the EFD initiative is its Research Fellows – the best environmental economists in a selection of countries. It is through the involvement of these academics that the initiative can perform its research and deliver policy advice. The best environmental economists working on poverty and development issues will be attracted by the good research facilities, the potential for research funding, the international network of research associates and the potential for policy impact. Research Fellows are invited by the domestic EFD center. Senior Research Fellows are nominated by a center and approved by the Research Committee after consultations with the Board. Priority should be given to attract and retain the most productive Senior Research Fellows.

3.1.2 Host institution

EFD centers are hosted by well-established, reputable academic institutions chosen to foster a vibrant research environment, attract productive Research Fellows, provide support functions (see text box below) and support policy impact. It is recommended that the center is included in the host institution’s organization to secure institutional sustainability.

3.1.3 Financial diversification

A major objective of EFD is to facilitate funding of policy relevant research. A substantial part of the resources are expected from international donors. Still, at the domestic level the centers are encouraged to develop long-term funding arrangements with government agencies and international organizations. Such funding has the dual benefit of reducing the financial risk for the center and increasing the interest and ownership of the users of the research.

Criteria for EFD centers

An “Environment for Development” center should fulfil the following criteria:

- **Objective/Mission.** The objective of the center should be to support sustainable development and poverty alleviation through applied research, teaching and policy interaction.
- **A strong academic base.** The Research Fellows of the center should be able to carry out high quality independent research, collaborate with international scholars, publish in international peer reviewed journals, interact with policy makers and contribute to teaching and supervision.
- **Association with graduate programs.** Many synergies can be made between policy research and MSc and PhD programs. It is important that policy research is fed back to the next generation of civil servants and academics, and that the potential of policy analysis is tapped in academic theses.
- **Good office infrastructure.** In order to perform the expected policy research and fulfil the international networking the center needs to be fully equipped with reliable internet, telephone, fax, computers, office facilities and capacity to handle external grants. Such infrastructure, together with the academic environment, also increases the opportunity to attract international scholars as guests and collaborators.
- **Research facilities.** In order to be as effective as possible in policy research, advice and supervision the center should invest in relevant research facilities. These could include on-line full text journals, in-house data management staff and documentation facilities.
- **Policy interaction.** The center needs an interface between the academic capacity and the needs and interests of government agencies and other policy making bodies. The center should spend a substantial amount of time and resources on policy interaction through seminars, workshops, publications, home page etc. A designated dissemination officer is recommended.

3.2 Institutionalizing EFD at the global level

During the five year period for the strategic plan, EFD will go through the transition from a capacity building project, primarily funded by Sida, to an independent consortium of environmental economics think tanks. The strategic goals will be implemented through an organization with the following characteristics:

- The EFD Initiative is made up of Research Fellows who are accomplished researchers with a clear commitment to EFD’s objectives;
- The Research Fellows are organized in EFD centers;
- The EFD centers are represented in an EFD Board. The Board is the highest level governance body for the EFD initiative. Among its duties is to decide on the inclusion of new participating centers;
- The Board is supported by an EFD Secretariat;

- The Board appoints a Research Committee that is responsible to manage an EFD Research Fund as well as to appoint Senior Research Fellows who can receive competitive funding from this fund;
- The EFD initiative organizes annual General Assemblies open to all EFD Senior Research Fellows.
- The EFD consortium is established as an independent non-profit organization in order to meet the strategic objectives of the initiative in the most efficient way possible.

The aspiration is that this organization will give the members the incentives and support necessary to be truly productive in meeting the demand for policy relevant environmental economics capacity and research.

4 Securing the resources to meet the strategic goals

An important function of the EFD initiative is to secure the necessary funding to meet the strategic goals. Actually, the identification of the institutional failure that existing human capital was not matched with the necessary funding to perform its role in society was one of the original reasons for the creation of the EFD initiative. Although it is always a challenge to find sufficient funding for research, the EFD initiative gives the member researchers and centers new opportunities for concerted action. The following strategies will be pursued in the coming five years:

4.1 Partnerships

The organization of the EFD initiative gives great opportunities to forge various kinds of partnerships. These partnerships can have multiple and positive functions for the achievement of the strategic goals. In some cases they can lead to increased funding, in other increased analytical capacity. In most cases partnerships increase the likelihood of policy impact since each organization has its own levers to impact.

4.1.1 An extended EFD network

The global reach is already a great strength of EFD and the fact that it organizes around 100 accomplished environmental economists with many different specializations, active in various academic organizations. The opportunity to extend this network to more Senior Research Fellows and more EFD centers will increase the potential impact of EFD even further. The ambition is a slow expansion involving more EFD centers in developing countries, provided they fulfill the criteria decided by the EFD Board.

4.1.2 Government agencies

The ultimate objective of EFD is to inform policies so that they more efficiently contribute to poverty alleviation and sustainable development. An important strategy is therefore to forge partnerships with governments in cases where they themselves have identified as an objective. The current attention given to green growth and fostering of a green economy give ample opportunities to work



together with government agencies to put life into this agenda. All centers have already acted as advisors to their respective governments. The ambition for the coming five years is that all centers should have formed at least one formal, long-term engagement with a government agency.

4.1.3 International organizations

Many international organizations have an interest to involve environmental economists in their analytical work as well as to reach this group with their findings and policy prescriptions. Already in the inception stage, the World Bank and the Department of Economic and Social Affairs of the United Nations (UNDESA) have shown great interest in the capacity of EFD. There have also been discussions with UNEP and other international organizations regarding a more institutionalized collaboration. The plan is that, as soon as the new organization is in place, more intensive collaborations with at least a handful of international organizations are developed. In some cases formal MoU's might be developed.

4.1.4 International NGOs

Another category of organizations that is important both as a potential source of funding and as partners in policy interactions are international NGOs. A good example is the large project implemented by EFD – Central America in collaboration with Conservation International. Another example is the regional consultancy on climate and forests organized by EFD – Ethiopia in collaboration with Rights and Resources Initiative. Discussions have also been held with Environmental Defense Fund, International Institute for Environment and Development, International Union for Conservation of Nature, Rainforest Alliance, and World Resources Institute. The plan for the coming five years is to develop a handful of such partnership as instruments in implementing the strategic goals of EFD.

4.1.5 Private sector and private foundations

Corporate Social Responsibility has become increasingly important, especially for large multinational corporations. This opens up opportunities to also enter into partnerships with such companies in order to find new and innovative ways to work together towards poverty alleviation and more sustainable resource utilization. To this effect some preliminary discussions have been held with the Global Compact and the World Business Council for Sustainable Development. A particular expression of CSR is the establishment of corporate and private foundations. Many of these have clear environmental ambitions. Together with RFF, the EFD secretariat has started to make an inventory of private foundations that could be interested in supporting EFD related work. EFD – Central America has already been successful in receiving a grant from the Tinker Foundation while the Chinese center has received support from Ford Foundation. Within the five year period, the ambition is that all centers would have established either collaboration with a private company or received money from a private foundation.

4.2 Diversification of Funding

In addition to the partnerships, that can be instrumental also for implementation, there is a clear role for the EFD initiative to increase and diversify the funding to capacity building, applied research and policy interaction. The following are the most important strategies to accomplish this in the coming five years.

4.2.1 Replenishment of the EFD Research Fund

The EFD Research Fund is a core activity in the EFD initiative. Even though the current allocation by Sida is only 3.5 million Swedish crowns per year, the fund has had significant impact in terms of redirecting the attention towards research, implementing an annual cycle of research planning, policy interaction and research outputs and thus provided a substantial boost in publication of discussion papers, book chapters and peer reviewed journal articles. This cycle has led to a substantial increase and improvement of research proposals. While it at the beginning was hard to find good proposals there is now a surplus of such proposals. A priority activity for the Secretariat will therefore be to put the new organization in place in order to facilitate a replenishment of the EFD Research Fund from multiple donors.

4.2.2 Large collaborative projects

International research funding is increasingly going to larger projects that involve multiple research groups in international consortia. This has further increased the hurdle for researchers in poor countries to benefit from international research funding. However, the research infrastructure and social capital that have been created through the EFD should enable EFD centers to also compete for larger collaborative programs. Since 2011, the research management at the EFD secretariat has increased its efforts to encourage thematic collaborative research involving at least three EFD centers per theme. EFD collaborative research money is seen as seed money to identify promising collaborative projects that have great potential for both policy impact and external funding. In the coming five years we will strive to establish at least five “networks within the network” that have frequent research interaction and substantial external funding. Funding for such collaborative projects will be sought from i.a. European Commission Framework Programs, EuropAid, GEF and NSF.

4.2.3 Domestic core funding for mainstreaming of sustainability in national policies

As was mentioned above, partnership with government agencies is an important strategy to ensure policy impact. The probability that a government agency will act upon the findings from research is much greater if the agency has actively commissioned the work. There is now a golden opportunity as the demand from governments for environmental economics advice has increased to make their economies greener. EFD centers are designed to be public goods that rectify an institutional failure that too little sustainability analysis is brought into the policy making process. The EFD centers should therefore actively strive to promote that governments take over the core funding that Sida initially has given. Such core funding could in return lead to centers giving advice as how to mainstream sustainability concerns into national policies (as EFD – Tanzania has done in the PRSP revision



process) or the development of a climate resilient green economy strategy, as done by the EFD center in Ethiopia.

4.2.4 Specific research projects

The fact that the EFD centers are now well staffed and the EFD Research Fund has led to an annual cycle of research applications has led to a surplus of research proposals from the EFD centers. Given the scarce research funding within the core support from Sida, this money is targeted to Senior Research Fellows. Research Fellows, Junior Research Fellows and students are actively encouraged to apply for money from regional networks, and funding agencies such as IFS that focus on young academics. It is expected that the number of applications for specific research projects to various funding agencies will increase substantially in the coming years.

4.2.5 Consultancies

Indiscriminate acceptance of short-term consultancy offers is in competition with attention given to long-term development of high-quality research. The EFD initiative should therefore actively increase the opportunities for well-trained environmental economists to do research and thus decrease their propensity to accept consultancies just to meet their salary needs. Still, in some cases, e.g. where the consultancy addresses important policies relating to poverty and sustainability issues, accepting the consultancy can be an efficient approach for policy impact at the same time as it can act as a starting point for a research project. The strategy will therefore be to encourage selective involvement in consultancies and that these are carried out through the EFD center and not through individual consultancy companies.