

Stakeholder Dialogue Approach To Building Sustainable Development Capacities

Prof. CHEN Zhao Ying¹, Dr. SHAO Shicai P. R. China

Abstract

The purpose of this paper is to examine the Stakeholder Dialogue Approach (SDA) to building sustainable development capacities. We do so by discussing the core issues on SDA and then introducing a case of the workshop with major stakeholders for beneficiary assessment of environmental protection projects in China.

Keywords: sustainable development, stakeholder, decision-making

1. Introduction

In recent years, to find out a way for sustainable development has become a subject of common concern to all countries the world over. The author believes that sustainable development shall be viewed as a kind of policy stand and development strategy rather than a theoretical concept. "China's Agenda 21", adopted by the Chinese government on March 25, 1994, is the first state-level agenda for the 21st century issued in the world. Over the last 6 years, people notice with pleasant surprise that few concepts like "sustainable development" can be disseminated in China so rapidly and widely. The principle of sustainable development is universally applied in the 10th five-year plans and the long-term targets for the year 2020 of governments at all levels in China.

At present, we are happy to see that the concept of sustainable development has found extensive diffusion and increasing acceptance in the whole society. However, we are clearly aware that it would be hard to make the whole society to understand the importance of sustainable development, but it would be harder to turn it into an implementation act. People are not satisfied with the implementation of the sustainable development policy. Our investigations have shown that:

- The principle of sustainable development is generally highly valued in medium-and long-term programs but is often neglected in drawing up year plans and in sequencing priority projects. In the course of practical decision making such as preparing a plan, screening out a project and determining the investment, sustainable development is rarely found in the priority list of real decision-making.
- Such phenomenon has got its wayward expression in developing countries with the underdeveloped areas in these countries in particular. For example, the environmental pollution problems in targeted area have been listed one of priority issues by the local government. Unfortunately, while sorting out detailed projects calling for local financial input, the ones controlling environmental pollution

¹ National Center for Science and Technology Evaluation, Beijing, P. O. Box 3814, P. R. China, Tel: 86-10-68518089, Fax: 86-10-68516649, Email: chenchaoying@ncste.org

always came to the next. As a result, the project had remained unimplemented after 4 years.

- Mentioning the difficulties and obstacles for the implementation of the sustainable development, people may strain to the following issues:
 - Funds*, lack of necessary funds to support the implementation of sustainable development policy;
 - Technical capacity*, lack of key technologies addressing the key issues in the sustainable development;
 - Human resources*, short of dedicated professionals for the implementation of sustainable development.

However, people may miss an important fact that obstacles in achieving sustainable development come often from conflicts of decision-makers themselves and various interest bodies.

- It is very hard to reach a consensus for sustainable development policies because of interest conflict of various decision-making bodies. The implementation of the sustainable development policy means the redistribution of interests and all decision-making bodies shall weigh the pros and cons the policy brings to them from their own angles, thereby determining their basic attitude to the policy.

What are the major constraints in formulating and implementing the sustainable development policy? How to promote general awareness of sustainable development policy? It is the issues that we focus on in this paper.

2. Participatory Action: Seek To Build Sustainable Development Capacity

Participatory actions are the collective actions with the active involvement of stakeholders and beneficiaries, which are reflective, action-oriented and seek to build capacity.

In China's Agenda 21, the mission of capacity building has been clearly set out while stressing on the importance of reaching the consensus on the sustainable development. The author believes that an important element promoting such capacity building is the dialogue among different interests groups. This could be dealt with in the following aspects:

- *It is extremely important to ensure the active participation of stakeholders in the decision-making process.* The formulation and implementation of sustainable development policies call for the extensive participation of different interests. The implementation of the sustainable development policies will doubtlessly touch the interests of different communities by offering some with benefits while depriving some others from their current existing. In this context, it becomes extremely important to ensure the active participation of stakeholders in the decision-making process.
- *In the process of the participation, if the interests groups fail to reach constructive dialogues and channeling through, the result would turn out far more from*

satisfactory. Many-year practices in China have shown that the participatory actions have not yielded expected results. For example, governmental agencies and policy makers complained that although they have poured in extensive amount of time and resources in organizing different interest groups into the policy formulating course, the views aired out are of no much values to the final decision making as the participants have put too much emphasis on their own interests. Some participants complained about the refuted acceptance of their views and even lost interest in being a part of the process any more.

- *To ensure a high degree of participation by stakeholders and beneficiaries, it is needed for a commonly accepted framework for the dialogue among different interests groups.* Such a framework shall address:
 - Who should participate?
 - How to select appropriate participants?
 - How to participate?
 - What are the rules that participants should abide by?
 - How to make the results expressed?
 - In what manner shall the collected comments be handled?
 - How to express the consensus?
 - How to identify the differences?

Stakeholder Dialogue Approach (SDA) is being used successfully in many areas. It believes that SDA could usefully be applied to seek consensus between people with different viewpoints on issues of sustainable development. This paper is to discuss the core issues on SDA.

3. Core Issues of Stakeholder Dialogue Approach (SDA)

A. Key Characteristics of SDA

SDA is an effective means for the participation of different interest groups in the decision making process. As a result of the active involvement of stakeholders in reflection, assessment and other actions, SDA is important to build sustainable development capacities:

- Promote awareness of social and environmental issues
- Help create mutual trust between people with different viewpoints
- Clarify problems and working together to reach solutions
- Promote an active participation by stakeholders. Stakeholders feel a sense of ownership of the results.
- Stakeholders not as providers of information but as the question-makers

B. Major Actors Involved in SDA

Stakeholder: An actor that has a vested interest in a given project, activity, or issue. Stakeholders may include groups affected by development actions, such as government officials, institutions, project beneficiaries. In SDA, stakeholders assume an increased role as question-makers, data gatherers and problem solvers.

Facilitator: An outside expert in SDA methods, who has the capacity to listen, help the group to ask key questions, guide and facilitate discussions, encourage trust, create an environment of sharing and reflection and plan actions to help bring together the viewpoints of the various stakeholders.

Focus group: A small discussion group that concentrates on a specific topic. A group facilitator assists in focusing the discussion on strategies for defining solutions to particular problems.

C. Round Table: A Working Methods for SDA

From its beginnings, the “Round Table” has adopted an open style of working. The Round Table, as the working methods for SDA, operates on the basis of seeking consensus between people with different viewpoints. The “Round Table” simply means that the seminar or conference is held on the principles of “Round-Tabling”. It believes that “Round Table” approach could be applied in many areas.

An important aspect of the SDA is to organize a workshop with selected stakeholders on the principles of “Round-Tabling”. The stakeholders are representatives from the industry, the government institutions, financial agencies and other organizations or institutions with relevant expertise.

Facilitators participate in the round table workshop in order to get the best background and first hand understanding of the current debate and the various views. After the workshop the facilitators together sum up the learning.

It is probably useful to divide the workshop into focus groups, that each are supposed to discuss the specific topics. After plenary meeting, Facilitators summarize the topics discussed and give information about other Round Table activities.

The Round Table may invite people with relevant knowledge and experience onto the subgroups.

It is important that stakeholder dialogue should take an open and positive manner to explore opportunities as well as problems, to seek solutions and to reduce the potential for conflict. At the same time, all stakeholders must appreciate that, in any of the approaches, final decisions will remain the responsibility of the decision- makers.

D. Applications of SDA

SDA is being used successfully to measure project performance. An important trend in the project performance evaluation over the years has been shifting from peer review to stakeholder dialogue.²

The UK Round Table on Sustainable Development provides a forum for discussion on major issues of sustainable development. Around 1,300 people and organizations receive the copies of the Round Table's annual and topic reports.

² See Evaluation Office, UNDP (1996).

Some TA activities already engage in one form or another of SDA (Actor-oriented TA). As mentioned above, the implementation of the sustainable development policy often brings about the redistribution of interests. Undoubtedly, the selection of technology constitute the important discussion topic for the sustainable development strategy, therefore, relevant TA activities have to face interests conflicts of all aspects. Actor-oriented TA differ from more conventional methods in critical ways:

- *Conventional methods are more technology focused.* When assess a new technology, people first to analyze systematically the positive and negative impacts and then submit the results to the departments concerned. In most cases, stakeholders or beneficiaries play a passive role. The process can be considered more linear, with little or no feedback to the project.
- *Actor-oriented TA is people-centered.* In this situation, roles of stakeholders change dramatically. Stakeholders and beneficiaries are the key actors of the TA process. First step for *Actor-oriented TA* is to get a clear understanding of following questions about “Who”:
 - Who will be the beneficiary of the technology application?
 - Who will be the injured?
 - Who will make investment in technology application? What is their expectation?
 - Who will be responsible for treating the negative effects?
- *Actor-oriented TA* is no more a relatively isolated analysis activity, but a debate course participated jointly by all aspects. It believes that the key to whether a new technology can be successfully applied often is not in technology itself, but in the acceptability of the technology.

4. Case: Round Table Workshop for Beneficiary Assessment of Environmental Protection Projects

In 20 years, China has borrowed accumulative US\$ 60 billion of foreign favorable loans and constructed about 2,000 projects. 80% of the lent capital is used in the infrastructure, social development, environment protection and other key fields. These projects have obtained fine social and economic benefits. The implications and results of these projects are the common concerns for both the recipients and providers.

At the beginning of 2000, authorized by the Norwegian Government, FaFo, the renowned Norwegian consultation institute, in collaboration with National Center for Scientific and Technological Evaluation of China (NCSTE), has made an evaluation on the Norway’s mixed credits programme (Norwegian MC³).

³ “Mixed Credits” (MC) is tied grant aid given in connection with regular export credits to developing countries. The aim of the facility is to contribute to private and public sector development through transfer of capital, technology, infrastructure and competence. Norway has allocated approximately NOK 1700 million (approximately USD 220 mill.) since the facility was introduced in 1985.

In order to systematize and analyse experience from the entire period MC has been in use, and to lay a sound basis for a balanced view of the future potential role of MC, the Ministry of Foreign Affairs (MFA) has decided to undertake an evaluation of the facility.

Beneficiary assessment of Norwegian MC programme is major part of the evaluation. By organizing the round table workshop with selected stakeholders, the beneficiary assessment of MC has achieved satisfactory results. Authorities concerned believed that it is a successful example of SDA applications in China.

This case gives a summarized presentation on the round table workshop for beneficiary assessment of Norwegian MC programme.

A. Purposes of the Workshop

The purposes of the workshop are to:

- Test out preliminary conclusions of evaluation
- Find out if important topics have been left out
- Identify some criteria for project success

B. Participants of the workshop

There were 25 participants took part in the workshop. They came from different sorts of organizations:

Government Officials

- State Debt and Finance Department, the Ministry of Finance (MOF)
- The Department of Foreign Capital Utilization, State Development Planning Commission (SDPC)
- The Department of Planning & Finance, State Environment Protection Administration (SEPA)
- The Department of International Cooperation, SEPA

Onlending Bank

- Onlending Department, The Export-import Bank of China

Import & Export Corporation

- China National Instruments Export & Import Corporation
- China National Technical Import & Export Corporation
- China National Industrial Machinery Import & Export Company
- China Overseas Trade Corporation

Local Project Institutions

- Public Health Bureau of Heilongjiang Province
- The Construction Bureau of Xiaoshan City, Zhejiang Province
- Division of Drainage Administration of The Construction Bureau of Xiaoshan City, Zhejiang Province
- Water Supply Company of Huanggang City, Hubei Province
- Office of Zhecheng Alcohol Factory, Henan Province

NGO and Researcher

- Global Village of Beijing
- Center for Eco-environmental Sciences, Chinese Academy of Sciences

Facilitators

- Karstein Haarberg, Researcher, FAFO, Norway
- Chen Zhaoying, Researcher, China National Center for S&T Evaluation
- Wang Fenyu, Researcher, China National Center for S&T Evaluation
- Fang Yan, Researcher, China National Center for S&T Evaluation

C. Inputs to the Workshop

The facilitators provide inputs for the workshop. The workshop starts with a brief summary of:

- The purpose of the workshop
- Background on Norwegian mixed credits
- Preliminary reporting of findings so that participants can identify errors in fact or interpretation as well as contribute to a deeper understanding of the experiences
- The summary of case study for Norwegian mixed credits in China: Situation of the cases; Main findings from the case study; Questions from the case survey
- The main questions facilitators suggest to discuss

D. Results from the Workshop

- The results from the workshop should contain:
- Description of the main arguments put forward by the stakeholders
- Description of the consensus resulting from the discussion
- Identified criteria for project success⁴

5. Conclusions

In the light of the constraints for achieving sustainable development and the practice of the application of SDA, the major conclusions are as follows:

It is very hard to reach a consensus for sustainable development policies because of interest conflict of various decision-making bodies.

Stakeholder Dialogue Approach is important to build sustainable development capacities. SDA can promote awareness and help create mutual trust between people with different viewpoints.

An important aspect of the SDA is to organize a workshop with selected stakeholders on the principles of “Round-Tabling”. The stakeholders are representatives from the industry, the government institutions, financial agencies and other organizations or institutions with relevant expertise.

⁴ See Box 1

SDA is being used successfully to measure project performance. Some TA&TF activities already engage in one form or another of stakeholder dialogue.

There is much room for progress in SDA, for example, how the process of stakeholder dialogue should be managed and which stakeholders should be involved.

Decision-makers should give strong consideration to the value of the SDA as a means of understanding issues of common interest and improving the process of decision making. Government Departments should consider what contribution they can make to promote stakeholder dialogue.

Box 1

The workshop with stakeholders has identified some criteria for project success that it is useful to consider in beneficiary assessment of MC:

1. The extent to which the project involved technology transfer
2. The extent to which it increased south-south trade
3. Did it provide best available technology?
4. Did it help to open large domestic markets for international competitive bidding?
5. Did it have a training component?
6. Did project development and procurement practices improve?
7. Did the mixed credit result in one getting more out of aid money?
8. Did the receivers become more responsible?
9. Any effect on good governance in the form of stronger prioritising, control, or transparency of spending of money?

References

Evaluation Office, UNDP (1996). “ Who are question-maker?” OECF Handbook Series, New York, USA

Chen Zhao ying (1998). “Making S&T Evaluation the Tools for Government Decision-Making.” ©1998 APEC Secretariat, APEC # 98-IT-04.2, Beijing, CHINA. In Proceedings of the APEC Symposium on the Evaluation of S&T Programmes among APEC Member Economies

HERBERT A. Simon (3rd 1976), Administrative Behavior America Macmillan Publishing Co., Inc.

The World Bank (1998), World Development Report 1997, London oxford University Press.