

Working paper

ODI Nexus – inclusive, sustainable economic transformation

A theory of change for joined-up
policymaking in low- and middle-income
countries

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About this publication

This publication is part of a series of ODI Nexus pieces, including a cross-country analysis of indicators, an initial 'compendium of successes', and a forthcoming case study of Kenya. It builds on work carried out under ODI's [Supporting Economic Transformation programme](#), as well as work on inclusion and [poverty dynamics](#) carried out by the [Chronic Poverty Advisory Network](#), and the work of the [Climate and Sustainability](#) and [Global Risk and Resilience](#) teams.

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Executive summary

The objective of the ODI Nexus programme is to support a more integrated landing zone for economic transformation, social inclusivity and environmental sustainability policies. This working paper offers a theory of change (ToC) to guide the project's activities and capture its learnings as new concepts, evidence and networks emerge. The ToC will be a live document that will change as new insights emerge.

This working paper comprises four elements. First, it offers an assessment of the barriers to joined-up policymaking with special reference to low and lower middle-income countries. Second, it begins to articulate what joined-up inclusive, sustainable and productive futures might look like, providing a direction of travel for policymakers. Third, it offers a theory of change for overcoming the barriers to Nexus thinking and integrated policymaking. Finally, it explores some of the enabling conditions and propitious circumstances for Nexus thinking and policymaking. This working paper will be updated and our theory of change evolve as we generate new evidence, relationships and ideas throughout the course of this programme. We hope this will illuminate how we can stretch the boundaries of agreement or manage potential trade-offs across issues through nuanced and interdisciplinary approaches to policymaking.

The theory of change is distinctive because it is focused on low and lower-middle income countries. We do not intend to imply that upper-middle or high-income countries have successfully reconciled economic, social and environmental agendas. Indeed, there are currently no mature examples of low-carbon, climate-resilient, inclusive economies and societies, though our indicator analysis has suggested that some economies come much closer to this than others. However, we consider that the challenges are fundamentally different for countries looking to re-train workers, retrofit infrastructure and reduce material consumption than those looking to meet basic human needs, fill infrastructure deficits and shift away from a subsistence economy.

We argue that joined up thinking is needed, even if implementation remains with separate areas of policy making or sectors. We identify three critical barriers to joined-up thinking: individual values and choices, often reinforced through disciplinary training; institutional arrangements, including incentive structures, financing arrangements, and the politics of inter-agency bargains; and inertia that deters change at either the individual or institutional level.

Combatting siloes and fragmented decision-making requires regularly bring together key actors to systematically align their policies and plans across functions and jurisdictions; building an understanding of interconnectedness among areas of policy making and their stakeholders and ways to communicate across them; creating incentives for staff to work together rather than compete for resources, credit or opportunities; encouraging institutional innovation; bringing other actors on board, particularly public and private finance; allowing demand for joined up policy making, for example, from civil society, social movements or the private sector; and monitoring and evaluating the effects of policies and plans against multiple objectives/criteria.

We envision a Nexus 'landing zone' for policymakers of positive outcomes on economic, social and environmental objectives, informed by the minimum threshold of production and consumption necessary for human wellbeing and the maximum threshold compatible with planetary boundaries. This landing zone has been also described as the "safe and just operating space for humanity" in doughnut economics (Raworth, 2017). Within these material ranges, a number of countries have transformed their economy to lift themselves to upper-middle or high-income status, including through natural resource extraction, industrialisation and services. These processes of transformation may require innovations, both technical and institutional. Innovations may be in short supply with 'innovation systems' not as dynamic as they need to be. We focus particularly on the experience and lessons from the Dominican Republic, Sri Lanka and Thailand, which emerged as comparative Nexus success stories when we evaluated countries' performance against a range of indicators (Diwakar, 2022; Pickard and Lemma, 2022).

1 Introduction

The objective of the ODI Nexus programme is to support a more integrated landing zone for economic productivity, social inclusivity and environmental sustainability policies. It brings together researchers from different disciplinary backgrounds, both within ODI and from research institutes worldwide, to facilitate analytical work and technical assistance across traditional branches of knowledge and siloes of policymaking. This integrated has become even more urgent with the onset of the Covid-19 pandemic, which has eroded decades of development gains. Questions are being widely asked about how the recovery can ‘build back better’, usually defined as more productively, inclusively, and greener. We hope that the research and policy advice undertaken within this project can contribute to this ambition.

This working paper offers a living theory of change to guide the project’s activities and capture its learnings as new concepts, evidence and networks emerge. Our theory of change is distinctive because it is focused on low and lower-middle income countries. Our intention is certainly not to imply that upper-middle or high-income countries have successfully reconciled economic, social and environmental agendas. Indeed, there are currently no mature examples of low-carbon, climate-resilient, inclusive economies and societies. However, we consider that the challenges are fundamentally different for countries looking to re-train workers, refurbish infrastructure and reduce material consumption than those looking to meet basic human needs, fill infrastructure deficits and shift away from a subsistence economy.

In these societies, economic growth is often a strongly held ambition given the urgent need to increase average levels of material consumption to enhance wellbeing, including of food, shelter and modern energy. Economic growth is therefore often seen as interchangeable with inclusion (given opportunities to improve average living standards) or is prioritised over both social inclusion and environmental sustainability. Alongside economic growth many governments seek to transform their economies, moving economic activity over time to higher productivity, and shifting labour from less to more productive sectors. It is through this transformation that economic and social objectives can be sustained in the longer term. Now, additionally, economic transformation is expected to contribute to environmental sustainability through ‘green growth’.

For this reason, we recognise that the objective of Nexus policymaking could be interpreted in two ways in low- and lower-middle income countries, although there are also nuances and tensions between these perspectives:

- (i) the objective of transforming an economy with strong sub-objectives of doing so inclusively and sustainably; and
- (ii) the objective of addressing the three objectives equally through balanced policies and implementation. This has become more critical as the imperatives of achieving social and economic objectives within planetary boundaries has become a more important priority over time.

Box 1 Definitions

Economic transformation – increases in human and physical capital which helps to moving labour (and other factors of production) to higher productivity and higher value activities. This is being achieved through improvements in productivity between sectors (from low to high productivity sectors) and within productivity change within sectors through innovations and increased efficiencies.

Environmental sustainability – economic and social activity happens while conserving biodiversity and ecosystem function, reducing pollution (including GHGs) and using natural resources in ways that take account of the needs of future generations.

Social inclusion – benefits of transformation reach the bottom of the distribution, especially those facing discrimination and multiple disadvantages; and providing children with the means to be included in future transformation.

The living theory of change both informs and is informed by a broader programme of research and partnership on nexus policymaking. As of March 2022, this includes:

- An analysis of **outcome indicators** (Table 1)¹ across the three Nexus objectives to assess which countries are making greatest progress towards inclusive, sustainable economic development. Our evaluation demonstrates that no country

¹ Outcome indicators used:

Social inclusion	Multidimensional Poverty Index (MPI) headcount; % of population living below \$1.90 headcount; Social Institutions and Gender Index (SIGI); ratio of income of bottom 20% to bottom 50%
Environmental sustainability	Per capita greenhouse gas emissions; per capita material footprint; population-weighted PM 2.5 (air pollution); proportion of terrestrial/marine areas that are protected
Economic transformation	Real GDP per employed person (labour productivity); real GDP per capita growth; Diversification Index

has achieved a triple win, although some come closer than others (Diwakar, 2022).

- A **compendium of successes** to explore why and how three countries (Dominica Republic, Sri Lanka and Thailand, identified through the analysis of outcome indicators) have managed to achieve comparatively even outcomes across the Nexus objectives. It is apparent that this progress typically reflects relatively recent policy efforts, suggesting that there is a need to analyse intermediate as well as outcome indicators to gauge which countries are steering towards more inclusive and sustainable transformation. Other countries will be added to the compendium as this programme progresses.
- A **country study** of Kenya, led by the African Economic Research Consortium and University of Nairobi, to explore country-level priorities and opportunities for nexus thinking. Although not an outstanding performer in terms of Nexus outcomes, Kenya's relatively recent governance reforms and macroeconomic strategy suggest a strong basis for achieving a joined-up approach. The country is largely powered by hydroelectricity and is scaling solar rapidly; its serious commitment to devolution offers greater scope for democratic participation and representation; and its leadership are actively pursuing industrialisation. Kenya was further selected because it is a country where ODI teams have all worked in recently, so the team could bring a broad knowledge of the policy environment and relationships with leading research institutes. A country study of Bangladesh has now also been initiated.

These outputs will shortly be available [online](#). This living theory of change will be updated annually as new evidence is generated using diverse methods and as further interactions are undertaken with the researchers and policymakers of additional countries interested in Nexus thinking.

This working paper has four sections. First, it offers an assessment of the barriers to joined-up policymaking with special reference to low and lower middle-income countries. Second, it begins to articulate what inclusive, sustainable and productive futures might look like, providing a direction of travel for policymakers. Third, it offers a theory of change for overcoming the barriers to coordinated policymaking and achieving more integrated thinking and policymaking. Finally, it considers some of the enabling conditions which may further help overcome these barriers. We hope this will illuminate how we can stretch the boundaries of agreement or manage potential trade-offs across issues through nuanced and interdisciplinary approaches to policymaking.

2 Identifying root problems to Nexus thinking and policymaking

The persistence of extreme poverty, imminent ecological crises, and economic stagnation in many countries at present demonstrates that no empirical pathways to sustainable, inclusive economic transformation have been found at scale, despite notable successes. Indeed, the Covid-19 pandemic, soaring commodity prices and catastrophic climate impacts are eroding recent progress. To promote joined-up analysis and policymaking, which could be one way of getting to more balanced outcomes across social, economic and environmental policy making, it is important to gain an understanding of the barriers to alignment and coordination. Another approach could be that within one of these policy making areas the concerns and objectives of the other two are strongly taken into account. This was what we found in Kenya, where climate related investments and programming were taking economic transformation and inclusion issues seriously, but this was not happening in the other policy making areas. This still represents joined up policy thinking and policy making, even if not fully or equally represented across the three areas of policy making.

We initially identified three fundamental problems to meaningful collaboration across disciplines and sectors, to which were later added others (see below):

- 1) individual values and choices
- 2) institutional arrangements, including critical financing arrangements, and the politics of inter-institutional bargains
- 3) inertia.

First, let us consider individual values and choices. Individuals within different professional groups working on these three issues approach development differently. They have different mental maps of how the world works and use different metrics to evaluate success (Buschmann and Oels, 2019), which leads them to prioritise different interventions and methods. While such differences are often most apparent in terms of the methods or metrics, we consider that these differences might reflect more fundamental differences in people's

objectives or values that make cooperation across sectors difficult (see Figure 1). These differences may be inherent, with people choosing professional paths that reflect their values; a result of the professional training and experience that has shaped their priorities and objectives; or both, with people's training reinforcing their predispositions. This is not to suggest that these differences are irreconcilable or even inevitable. However, there are no automatic synergies among them: care and intention are required to surface different values and achieve multiple objectives in tandem, as the narrow prioritisation or pursuit of one objective can actually compromise the achievement of others.

Figure 1 Actors hold particular values that influence their goals and objectives, which in turn influences their choice of methods and metrics



Annex 1 and Annex 2 further illustrate how the three communities of practice might differ in their objectives, methods and metrics.

In addition to understanding potential differences at an individual level, we considered how institutional arrangements can enable or constrain coordination across sectors.

Policymaking is divided into specific sectors for a reason: different areas of decision-making require varied expertise. Effective governance of health systems will require different knowledge, skills and approaches to electricity supply infrastructure, which will differ again from private sector development. These sectors tend to not only require different capabilities, but also develop distinctive cultures and norms both at the sectoral and organisational scale. Such arrangements do not necessarily arise from early, chance events, but may be purposefully created and maintained to advance specific goals or interests – so-called “lock in”. These may be reinforced through constellations of interest (private interests, social movements, electoral alliances) around each sector and objective, which jockey for attention and influence and achieve power through the policymaking process.

Yet challenges such as economic transformation, social inclusion and environmental sustainability are inherently cross-cutting, as exemplified by the examples in Box 2. In these instances, specialised institutions are not set up to facilitate either horizontal and vertical coordination. Agreeing a narrower, shared set of priorities requires recognising conflicts, identifying trade-offs and negotiating compromises. This is difficult without effective institutional arrangements that create space and mandates to make sacrifices where there are trade-offs. Distinctive languages and cultures within communities of practice can further constrain effective collaboration. Overcoming such fragmentation therefore demands mechanisms that:

- Regularly bring together key actors to systematically align their policies and plans across functions and jurisdictions.
- Build an understanding of interconnectedness among sectors and their stakeholders and ways to communicate across them.
- Create incentives for staff to work together rather than compete for resources, credit or opportunities.
- Encourage institutional innovation and experimentation.
- Amplify demands for joined-up policy making, for example, from civil society, social movements or the private sector; and
- Monitor and evaluate the effects of policies and plans against multiple objectives/criteria, and engage in course correction and learning.

Box 2 Three examples where institutional coordination is needed to deliver social, economic and environmental goals

Reaching net-zero emissions will require a coordinated approach across building design, electricity generation and storage, spatial planning and transport infrastructure, as well as interventions beyond the built environment in financial services and technological innovation. Decarbonisation will also require cooperation across the local scale (pedestrianisation or district heating) to the regional scale (the electricity grid or mass transit networks) to the state or national scale (carbon taxes or climate-related financial disclosure requirements). However, narrowly pursuing decarbonisation carries risks for social wellbeing and economic competitiveness, for example if it increases housing or energy costs. A coherent policy approach is needed to mitigate these costs, especially for the poorest.

Water management also requires a coordinated approach across agriculture, industry, service provision, environmental conservation and – in some contexts – energy generation. Unlike decarbonisation, the institutional challenge with water management is not necessarily coordinating infrastructure and spatial planning. Rather, the challenge is curtailing total consumption. A local or regional water supply is limited by natural availability, though variability can be managed (e.g., by dams) and supply increased at cost (e.g., by desalination plants). Yet an adequate, reliable supply of water is essential for human health, ecosystem health and much, though not all, economic activity. Different line ministries need to adjust their goals to take into account these constraints, while taking into account that there are absolute minimums for water consumption to maintain human and ecosystem health.

Industrialisation is generally promoted through medium- to large-scale, formal investments. In East Asia, inclusion and poverty reduction have been achieved through a balance between such investments and smaller, less formal investments. Elsewhere in high poverty contexts, inclusion and poverty reduction is achieved most frequently through participation in small scale, informal economic activities, even where formal investment in labour intensive manufacturing is underway, as in Bangladesh or Cambodia. Getting a good balance between these two types of growth – growth from above and growth from below – will involve collaboration across central ministries and agencies (industry, commerce, finance, urban development) with municipalities, rural local governments, associations and ministries of agriculture and rural development. This collaboration would focus not only on getting the balance of policy and programme support right, but also on promoting links between

formal and informal economies where these can be beneficial to both.

Finally, we recognised path dependence or inertia as one of the root problems to meaningful collaboration across economic, social and environmental fields. The assessment above demonstrates that both individuals and institutions have specific ways of thinking and working, often established over many years or decades. A number of mechanisms may reinforce this inertia, including institutional constraints to collective action; uncertainties about the costs or benefits of collaboration; the perceived legitimacy of different courses of action; and existing power relationships and pathways to progression that influence the range of politically feasible possibilities (Munck and Rosenschöld et al., 2014).

Given these potential barriers to collaboration, dismantling behavioural or institutional “lock in” – including to encourage greater collaboration across traditional siloes – demands leadership and conscious and persistent efforts to change rules and norms. Moreover, such intentional efforts might not succeed in changing the status quo, either because they are not sufficient or because they prompt resistance from powerful actors (Seto et al., 2016). Overcoming system inertia requires sustained, self-conscious efforts over time rather than just diffusion of ideas or practices, and probably significant external sources of demand for those efforts to be made. A global emergency such as the pandemic may present opportunities to move forwards in new ways, as suggested by the ‘building back better’ language of a more inclusive and greener economic recovery.

3 Envisioning a landing zone: what does sustainable, inclusive economic development look like?

Securing a decent living standard for all people implies a minimum threshold of production and consumption. All human beings have inherent dignity and inalienable rights and freedoms. Many of these rights and freedoms do not have direct implications for material production and consumption. It is therefore possible to dramatically advance people's wellbeing with no meaningful environmental impact – reduced discrimination against women or minority groups; ending of conflicts; progressive land reforms, for example. However, the fulfilment of some of these rights and freedoms – clean drinking water, sufficient food, decent shelter – immediately implies a minimum level of consumption. The minimum level is a function both of population size and the resource intensity of providing essential goods and services.

At the same time, environmental sustainability implies a maximum threshold for consumption and production of certain resources. Exceeding critical planetary boundaries risks large-scale abrupt and/or irreversible environmental changes that threaten human wellbeing or even survival, plus mass extinction of other species and ecosystems. Staying within a 'safe operating space' immediately implies a maximum level of consumption by humanity, which is a function of the Earth's capacity to provide resources and absorb wastes/pollutants (Rockstrom et al., 2009; Steffen et al., 2015). However, we recognise that the consumption and production of all resources is not necessarily limited by environmental constraints: for example, planetary boundaries do not imply limits to energy consumption, but rather to fossil fuel consumption.

Armed with this information, it is possible to partially articulate what the landing zone for inclusive, sustainable economic transformation might look like in low- and lower-middle income countries, at least in material terms (see Table 1). This landing zone has been described

as the “safe and just operating space for humanity” in doughnut economics (Raworth, 2017). However, we recognise the importance of taking a dynamic perspective on what is possible – this will be influenced by innovations which permit more sustainable economic transformation, for example.

In some cases, upper and lower boundaries for consumption of specific resources are relatively straightforward to assess. For example, the World Health Organization states that humans need at least 100 litres of clean water a day for drinking, sanitation and hygiene (including laundry), which provides a minimum for social inclusion. Maximum levels of freshwater extraction need to be determined at the regional scale depending on availability in the natural environment but can also be quantified. The landing zone for freshwater consumption for each country or region falls between these upper and lower boundaries. In other cases, human rights and environmental constraints do not coincide so straightforwardly. People require a minimum amount of energy and food each day, now often defined as 50-100kWh and 2,000-2,500 calories per person. Yet there are no direct environmental constraints on how much energy or food people consume; rather, ecological limits reflect the type of energy and food that we choose to produce and the way that we choose to produce them, for example through greenhouse gas emissions, land-use change or biodiversity loss.

In some contexts, there might not be much of a ‘safe’ operating space for humanity. For example, lack of freshwater in arid environments may prevent humans living there sustainably in any meaningful number. However, the barriers may also be cultural and political. For instance, high rates of consumption by elites and growing middle classes may mean that humanity has outstripped the safe and just operating space in some contexts even without meeting the needs of the poorest. Alternatively, social norms may preclude contentment or fulfilment at low levels of consumption. These barriers to a landing zone must also be understood.

Table 1 Indicative areas of overlap between material human rights and planetary boundaries

Human right	Floor / lower boundary	Ceiling / upper boundary	Planetary boundary
Energy	250-500kWh per person per day	Net-zero greenhouse gas emissions	Climate change Ocean acidification
Food	2,000-2,500 calories per person per day	(Regionally specific)	Land system change Biochemical flows
Water	50-100L per person per day	(Regionally specific)	Freshwater use

Sources: NHS (2022), IEA (2016), WHO cited in UN (n.d.), IPCC (2022)

Economics prescribes how scarce resources are allocated, with implications both for poverty levels and environmental impacts. An

inclusive, sustainable economic transformation should enable countries to reach that minimum threshold of consumption necessary to eradicate poverty without leading to levels and types of economic activity that exceed critical ecological thresholds. There is therefore a need to explore how different economic development paths distribute resources among people and the total level of resources required to sustain them.

Countries have transformed their economy in different ways to lift themselves to upper-middle or high-income status, including:

- Services, including business services and tourism (e.g., Costa Rica, Fiji, Ireland, Seychelles, Singapore, Thailand).
- Industrialisation (e.g., Hong Kong, Japan, South Korea, Taiwan, China, Vietnam).
- Natural resource extraction (e.g., Iceland, Malaysia, Namibia, Norway, Qatar, United Arab Emirates).

These examples focus on countries that have moved out of agrarian economies into higher-productivity sectors since World War II.

Of these paths, industrialisation is the only one proven at scale, not least given its critical role in lifting 800 million people in China out of extreme poverty. Industrialisation may also offer a more certain route for sustained productivity improvements, given that it offers workers more opportunities to acquire skills and collectively organise than development paths based on resource extraction or service provision (Gollin et al., 2016). This is perhaps why industrial development is often recognised in LICs and LMICs as an economic objective. However, some countries have successfully harnessed other comparative advantages – natural beauty, geographic location, resource endowments, global languages – to achieve economic transformation when others with comparable advantages have not succeeded.

Diwakar (2022) observes that no country has yet achieved balanced Nexus outcomes. The relative scarcity of ‘triple wins’ is illustrated by a cluster analysis which identified 5 different clusters of countries with varyingly successful tripartite outcomes (Figure 2). Category A and Category C includes strong economic transformers with robust governance arrangements that have performed relatively poorly on sustainability and inclusion – mostly upper middle-income countries. These two categories are differentiated because Category C countries have especially high and potentially unsustainable environmental costs.

Category B includes countries that are more balanced across the three policy arenas but have not achieved comparable levels of economic development (and thus living standards may lag as well). This includes a mix of upper- and lower-middle income countries.

Category D and Category E countries have not achieved structural economic transformation and remain mostly lower-middle or low-income countries. Low per capita material footprints correlate to environmental sustainability, but at the expense of adequate living standards and socio-economic prospects. These two categories are differentiated by their levels of inclusivity, with Category D countries being more inclusive than Category E countries.

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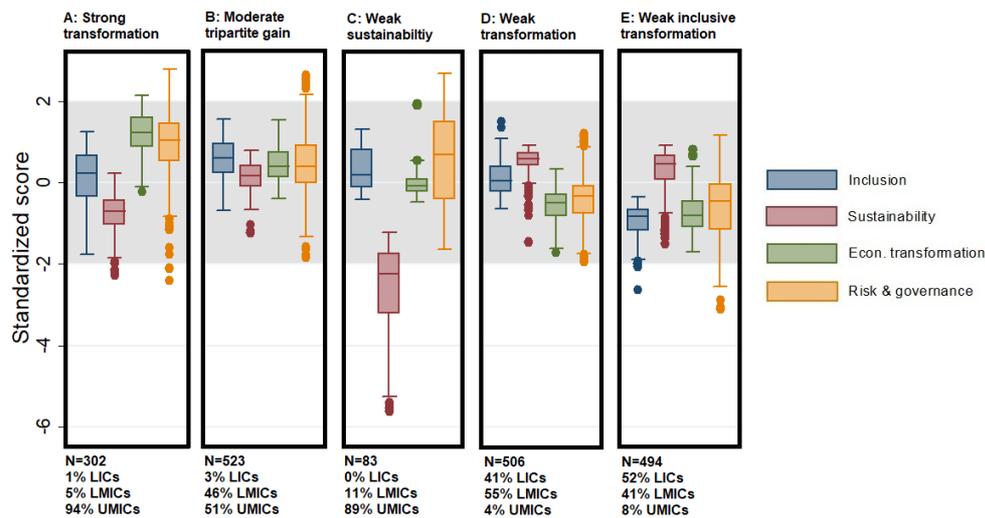
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Figure 2 Clusters of countries with varied Nexus outcomes



Source: See Appendix 5 and Diwakar (2022).

Category B seems to stand out as achieving a relatively balance across these three outcomes. Eleven countries have been in this category from 2000 to 2018: Albania, Egypt, El Salvador, Eswatini, Jamaica, Jordan, Moldova, Morocco, Philippines, Sri Lanka and Tunisia. Thirteen additional countries joined or left the group during this period: Armenia, Azerbaijan, Ecuador, Georgia, India, Indonesia, Iraq, Lao PDR, Peru, Syria, Ukraine, Uzbekistan and Vietnam. Of course, each individual country then demands more granular attention across a broader range of social, economic and environmental outcomes. In our accompanying compendium of successes, we seek to enrich this picture through exploring frontrunning countries identified in the indicators analysis. Key lessons are explored in Box 4.

Box 3 Approaching sustainable, inclusive economic development: lessons from our compendium

Under the auspices of this Nexus programme, Diwakar (2022) empirically analysed key development indicators and identified the Dominican Republic, Sri Lanka and Thailand² as front-runners in achieving more holistic development outcomes. In each of the countries, we found strong evidence of national, coordinated policies led from the main seats of power, which partially explain how these countries have managed to improve living standards for large swathes of the population without per capita material consumption that risks ecological breakdown. This is not to imply that the three countries have achieved perfectly productive, inclusive and sustainable economies, but rather that they have achieved some balance and avoided extreme trade-offs across these three arenas of policymaking.

In each of these countries, we observed that the development pathways followed by the three countries was typically 'additive' – economic growth was initially prioritised, followed by social inclusion then ecological sustainability. Given that many countries are arriving to the environmental dimension of the Nexus relatively late, more time seems to be needed for Nexus policymaking and implementation to 'bed in' – particularly when pursuing the governance of global rather than local environmental problems such as climate change, where beneficiaries are dispersed. At this point, established political-economic relationships and priorities are oriented towards domestic economic and social goals.

The articulation of Nexus themes in Dominican Republic, Sri Lanka and Thailand often only began to occur alongside a reckoning with the failures of previous development pathways. The triggers for these often-abrupt changes of direction in development planning varied

² Our country selection for the compendium analysis has been an iterative process, developing over time as we investigate further and learn more about Nexus interactions. In the early days of the study, we performed a simple decile ranking of low- and middle-income countries based on their performance along the three Nexus pillars across a broad range of social, economic and environmental indicators to identify our first set of Compendium countries. From this, we identified countries that were good performers in terms of the levels and change over time (2000-2020) of the indicators. Good performers were selected first on the basis that they were not in the bottom two deciles, and secondly by counting the number of times they appeared in the top three deciles to identify good performers. Thailand was not originally in this list, but was selected as having a good economic transformation story and with strong indicator levels across the pillars. The cluster analysis referred to in the text was carried out subsequently, and identifies countries for future investigation.

between the countries: a financial crisis in Thailand; the emergence from a civil conflict in Sri Lanka; and the rewriting of the constitution in the Dominican Republic. Similarly, the ideas that underpinned the more holistic development pathways reached the centre of public administration through different routes. In Thailand, nexus thinking arrived via the moral authority of the King; in Sri Lanka, it was a change of political ideology; and in the Dominican Republic, the articulation of new ideas at the national level built on those proposed previously by subnational actors and was supported by international agencies. International collaboration also served to concretise the efforts that the countries began in the 2000s with the adoption of the Sustainable Development agenda later formalising high-level, cross-ministry councils or task forces to lead on sustainable development.

The 'triple-win' lessons learnt from three case study countries are summarised by Pickard and Lemma (2022).

4 Towards a Theory of Change

A theory of change should specify what change is desired and how it will be achieved (see Box 5). In this case, the aspiration is to support decision-makers in low- and lower-middle income countries to craft a complementary bundle of policies and programmes to reach a safe and just operating space. This demands an understanding of macroeconomic pathways and sectoral opportunities to enhance productivity, but also complementary policies (social protection, environmental regulation) to ensure that economic transformation delivers for the poorest and minimises its ecological impact. We focus not only on the present day but also on the near- and medium-term future, as a way of creating space for more dialogue across the disciplines and policy communities.

Box 4 A Theory of Change

A theory of change is a description of why a particular way of working will be effective, showing how change happens in the short, medium and long term to achieve the intended impact. It can be represented in a visual diagram, as a narrative, or both. A theory of change can be developed at the beginning of a project (to help with strategic planning), or to describe an existing piece of work (so you can evaluate it). It is particularly helpful if you are planning or evaluating a complex, initiative but can also be used for more straightforward projects.

A theory of change should be:

- **credible** – based on previous experience and insight from your different stakeholders or relevant research where appropriate
- **achievable** – you have the necessary resources to carry out the intervention
- **supported** – your stakeholders will be involved in defining and agreeing your theory of change, which builds support for it
- **testable** – a complete but not over-complicated description of your work and its outcomes, with prioritised outcomes for measurement and indicators to collect data against them. (NCVO, 2022)

A theory of change should be able to account for risk. If the risks are too high for actors, only few will be prepared to take them. So, decision-makers need to shape an environment where individuals and organisations can take the 'right' decisions.

Based on our assessment of the root problems above, as well as what has been achieved to date, our proposition is that cooperation across traditional siloes demands both **individual agency** (i.e. encouraging or requiring individuals to engage with the underlying values, logics and evidence that inform other communities of practice and measure progress towards other objectives, which may require stepping back from disciplinary values) and **institutional reform** (i.e. the creation, adaptation or revitalisation of governance arrangements to enable and incentivise meaningful knowledge sharing and coordination across traditional policy siloes). In short, we want to understand the interplay of actors, institutions and agency to understand how to support joined-up policymaking in specific contexts, or policy making which remains unjoined up overall but where important individual areas of policy achieve joined up thinking internally, which may also help to achieve the desired Nexus of outcomes. Our theory of change is designed accordingly, with activities and outputs intended to empower individuals to act as change-makers on the one hand, and to engage with and influence organisations and political economies writ large on the other. As we go forwards and accumulate greater understanding of the policy making processes in different countries we will be able to adjust our theory, as well as develop a new analysis of intermediate indicators which are focused on policy change variables.

We noted the importance of both individual agency and institutional reform in our compendium of successes. In Thailand, the 'philosophy of the sufficient economy' articulated by the monarch either captured the popular zeitgeist or offered a new framing that resonated with the country. As a result, a powerful individual at the head of an important institution helped shift Thailand's conceptualisation of development away from economic growth towards an emphasis on happiness, quality of life, moderation and resilience. In Sri Lanka, the formation of the National Council on Sustainable Development – led by the Presidency – served to strengthen the environmental ministry and enabled environmental considerations to be mainstreamed into economic planning and social policy.

We recognise that there is the possibility of virtuous cycles. An enabling environment can nurture policy or institutional entrepreneurs, who can offer ideas that further facilitate coherent, cross-sectoral policymaking. Purposeful or experimental institutional work by individuals may create such an enabling environment for change, including demand for joined-up policy making and implementation from social movements, civil society and/or the private sector. Alternatively, there is a risk of vicious cycles or inertia: vested interests and other institutional pressures can resist change,

suppressing policy entrepreneurship and discouraging institutional work. Identifying and understanding these constraints can enable targeted work to overcome them.

Key concepts in this Theory of Change are outlined in Box 6. Hopefully it is clear both how individual values, objectives and methods inspire institutional work or entrepreneurship; similarly, how institutions may constrain such agency through normalising specific behaviours or disincentivising such activities. Innovation can be the result of policy entrepreneurship, but also of the resulting public-private or purely private sector investment and development processes. The demand for change and especially joined up policy making will also give power to individual change agents and supply the energy needed to counter institutional inertia.

Box 5 Key concepts

Institutions – the norms, rules and structures that govern behaviour through creating particular expectations and incentives. This may include formal institutions (such as laws or organisations) and informal institutions (such as customs and habits). Traditionally, institution studies assume a limited role for human agency: people's choices are shaped by institutional structures.

Policy/institutional entrepreneurship – individuals or groups who offer ideas, leverage resources or form relationships that drive forward new norms, rules or governance arrangements. The recent study of institutional entrepreneurship has assumed a muscular role for human agency: powerful individuals shape institutions through rational and purposeful actions.

Institutional creation and destruction – individuals whose day-to-day work serves to maintain, create or disrupt institutions. Efforts to maintain institutions might involve ensuring adherence to rules or reinforcing existing belief systems. Efforts to create or disrupt institutions may involve challenging current rules, belief systems or resource allocations, for example by disconnecting rewards and sanctions from specific practices (Lawrence and Sudderby, 2006).

Innovation – the creation of new technologies, products or processes, new institutional arrangements, and their adoption and adaptation to different contexts. Innovations may happen in the public, private or civic sectors, and be adopted at a large or small scale, and may involve disruption.

Demand – institutions may experience external demand or pressure for change and innovation, or resistance to change, from other institutions including social movements, political parties, private wealth holders; and these may act to support or counter institutional change.

Figure 3 Our draft theory of change

IMPACT(S) Economic transformation plans and policies in selected SIDA countries are deeply infused with concerns for sustainability and inclusion. These plans and policies raise the living standards of the poorest 20% at a faster rate while driving more efficient use of natural resources.				
OUTCOME The creation of a more joined up 'landing zone' for policymaking in selected countries by 2025. This might manifest through (a) new or adapted institutional arrangements that facilitate coordination among ministries; (b) new or revitalised cross-disciplinary networks that are sustained independently beyond the lifespan of this project; and/or (c) senior decision-makers who newly champion and drive integrated policymaking and planning. Integration could occur across or within policy areas.				
INTERMEDIATE OUTCOME Governments and key stakeholders in selected countries have a better understanding of what a safe, just and dynamic landing zone might look like.				
Output I A living theory of change that can be used by ODI, SIDA and partners to systematically surface and articulate different understandings, rationales and priorities across the three fields, enabling informed and transparent assessment of synergies and trade-offs. This will be complemented with a compendium of case studies where nexus thinking has been pursued with some degree of success. The case studies will be selected based on a composite index – i.e., seeking to use multiple metrics.	Output II: KENYA	Output III: BANGLADESH	Output IV: COUNTRY 3...	Output V A flagship report focusing on the kinds of changes to knowledge, policy and organisation in public and private sectors that could bring about a positive nexus result, including evidence and lessons from relative successes and the countries engaged with.
Enabling factors or propitious circumstances for change Innovation; exogenous crises; international support				

5 Enabling conditions and propitious circumstances for change

In this section, we consider three notable factors that can enable or catalyse change towards Nexus thinking and policymaking within countries: innovation in policy making or institutional arrangements, crises and inclusion/participation. Innovation is both an outcome of institutional arrangements and economic and other pressures and demands, but innovation in institutions and policy making is also an input into achieving balanced outcomes.

5.1 Innovation

Innovation is a broad term, encompassing new or improved goods, new methods of production, the opening of new markets, the new organisation of an industry or the emergence of different demands. It includes both the creation of new technologies, products or processes, new institutional arrangements, and their adoption and adaptation to different contexts. Innovations may happen in the public, private or civic sectors, and be adopted at a large or small scale.

- *Innovation is central to economic transformation.* Firms enhance their productivity through the development or adoption of new technologies, processes or practices that use factors/capital more efficiently (Calabrese et al, 2020). But technological innovation can also be disruptive to economic transformation. For example, automation can reduce the availability of low-skilled jobs and therefore opportunities for broad skills development that can enhance productivity and facilitate entrepreneurship, as well as scope for collective bargaining that can improve wages and working conditions. Innovation may also enable structural economic transformation in ways that do not necessarily deliver for people or the planet. Many of the economic and financial gains of the last decade in the USA, for instance, can be linked to digital innovations, which have created new industries and increased the share of services. Such technologies can of course be deployed to advance social and environmental goals – but also for purposes that are widely viewed to have negative outcomes, such as to the spread of misinformation.

- *Innovation can advance poverty reduction.* Households can increase their consumption through the development or adoption of innovations: for example, improved farm practices to increase yields, digital technologies to track market prices and transfer remittances, or vaccines to avoid catastrophic healthcare expenditure. But technical innovation is not the only pathway to sustained poverty reduction: social protection systems, for example, can provide much-needed safety nets, while adjustments to how health, education or other services can also improve living standards for the poorest. See Box 7 for a review of innovation for poverty reduction.
- *Innovation can advance environmental sustainability.* Innovations such as solar photovoltaics, wind turbines, electric vehicles or lab-grown meat offer the promise of maintaining current levels of consumption with much smaller environmental impacts. However, current institutions mean that much innovation remains focused on encouraging consumption, which (at least for the top 10% globally) directly undermines sustainability imperatives. Furthermore, there are already proven mechanisms to reduce consumption that do not require innovation (e.g., diets with less meat and dairy, use of mass and active transport). Environmental innovations can be inclusive or exclusionary: for example, decentralised electricity generation may enable low-cost energy access for rural households but also permit high-income households to secure their energy supply without cross-subsidising provision for the poor.

Annex 4 considers recent innovations in different economic sectors, and their implications for economic productivity, social inclusion and environmental sustainability.

Box 6 Innovation for poverty reduction

From an inclusion perspective, a review (Pansera and Martinez, 2017) drew attention to four schools of thinking on innovation which had emerged from developing countries and which could help frame a discussion: *'bottom of the pyramid'* innovation through firms splitting consumer goods into small units affordable for poor people; *resource constrained innovation* - ways of getting around the many obstacles and constraints which 'must be (i) robust to deal with infrastructure shortcomings such as voltage fluctuation; (ii) fault resistant to cope with unsophisticated or even illiterate users; (iii) affordable for larger sections of the society'; *grassroots innovation and social movements focused on appropriate or low cost technology*; and finally, an *overarching discourse on inclusive growth and inclusive innovation*.

The following innovation areas are especially important to promote inclusion and poverty reduction:

- a Building resilience to major risks at the bottom of the distribution – climate change, conflict, recession/inflation – to counter the sources of impoverishment, temporary escapes from poverty, and chronic poverty. These are global as well as national issues. Growth is unlikely to be inclusive if such resilience is absent.
- b Innovations in support of growth from below (small scale and often informal investments) for the farm and informal/small-scale nonfarm economies, where poor people gain their livelihoods. This could include business development with an emphasis on inclusion especially for women, or migrants, and a sustainability lens, with affordable technological innovations, as well as redesign of consumer products. This may in turn need innovation in the enabling or policy environment, which is more usually focused on growth from above (medium-large scale and formal investments).
- c Growth from above strategies of governments and investments by firms which have inclusion and sustainability aspects built in.

Given the nuances concerning innovation and our three objectives, our focus is not just how to stimulate innovation, but also about the governance of innovation. What are the sources of innovation relevant to our idealised vision of economic transformation (for example, how do the public, private and civic sector interact to these ends)? What incentives are created to develop and diffuse technologies, processes and practices that enhance economic productivity, social inclusion and environmental sustainability? What institutional arrangements can stimulate such innovations and effectively share learning (for example, social movements and responsive governments)? What role do individuals play? What are the risks and costs of focusing on innovation with respect to our three objectives? How do motivated policymakers steer innovation away from norms that perpetuate or exacerbate exclusion, inequality and environmental degradation? Combining this discussion with the issues raised in the previous section leads to the formulation of a number of hypotheses:

- Hypothesis 1: infusing economic development policy making with inclusion and sustainability issues requires successful social movements and responsive governments (a functioning social contract) underpinned by strong innovation systems (as suggested by Calabrese et al., 2020)? Actual trends, by contrast are: curtailed civil society, authoritarian/populist governments, limited areas of innovation, and weak links between science and industry... This hypothesis would suggest that it is going to be a big challenge to achieve joined-up thinking and policymaking focused on social inclusion or environmental sustainability through innovation.

- Hypothesis 2: ensuring that policies favour innovations that are both environmentally friendly and make the poorest more productive, rather focusing only on distribution to and rights of the poorest (by increasing the size of the cake). The related idea of 'mission-oriented' innovation policy has recently gained popularity, where progress against cross-cutting challenges demands innovation by different actors and across different sectors as well as bottom-up experimentation and learning to absorb those innovations (Mazzucato, 2018). However, this value proposition will need to be driven by powerful forces to overcome inertia.
- Hypothesis 3: It is possible to inform thinking on environmental sustainability that is less focused on constraining economic transformation, and more focused on achieving a different pattern of growth, so that the poorest can also raise their incomes to pay for health and education. There is now significant technological and institutional innovation going on to promote green growth in many economies. There may be limits on what green growth can achieve, as suggested in Box 9.

Box 7 The more radical social and economic changes to achieve sustainability

Ultimately, staying within planetary boundaries means limiting total consumption of certain resources. Without limits to consumption (for example, of fish or fossil fuels), we cannot avoid tipping past ecological thresholds, such as the collapse of marine ecosystems or climate change.

To an extent, it is possible to substitute one good for another. This may allow total consumption to increase even if the consumption of specific goods is limited. For instance, protein from plants/poultry could substitute for fish protein, while energy from wind/solar can substitute for energy from fossil fuels. The potential role of innovation is apparent: lab-grown meat and renewable technologies enable humanity to maintain or increase consumption without the same ecological footprint.

However, it is also apparent that industrialisation, economic diversification and technological innovation are not sufficient answers on their own. Within our current institutional frameworks, all three drive expanded production and consumption. There is a need for complementary measures, such as carbon pricing, environmental regulation, movement building, education/awareness raising and so on.

More broadly, there are different contexts of risk which can also influence the degree to which policy entrepreneurship and innovation takes place. LICs and LMICs are typically high-risk environments where individuals are uninsured, jobs are rare commodities and institutional disruption may take place despite heavy potential penalties. The concentration of wealth in corporate actors compared to the capacity of the state may also mean that resistance to new ideas from the corporate sector can be severe. Nevertheless, political regimes may also be able to carve out a degree of autonomy from such interests where electoral mandates are strong or authoritarian politics rules.

5.2 Crises

Crisis can catalyse change. This is not to imply that change cannot happen incrementally. Individuals and institutions do respond gradually to opportunities, interests and challenges, which may also be opened up by innovation as outlined above. However, there is robust evidence that exogenous shocks open up “windows of opportunity” during which entrepreneurial individuals and organisations can promote change more successfully (Kingdon, 2003). Propitious circumstances create plasticity in the system, which actors can harness to drive change.

The role of crises as moments to break inertia has been starkly apparent during the Covid-19 pandemic, which created crises on multiple fronts, including public health, employment, education and fiscal sustainability. Certainly, the pandemic has had a catastrophic effect on Nexus outcomes: millions of people have fallen back into poverty and many economies are struggling with indebtedness and stagnation. While recognising the catastrophic human and economic costs, there were early hopes that these multiple crises would offer a window of opportunity to coherently address wicked problems, particularly poverty, discrimination and imminent ecological collapse. Yet so far there is mixed evidence as to whether the pandemic is supporting a Nexus approach to policymaking globally, with considerable variation across countries. In some cases, resources have been clawed back from Nexus objectives to support Covid-19 mitigation and economic recovery measures. For instance, focusing specifically on climate issues, some countries have seized this moment to accelerate a green transition, for example by providing public support to job creation in clean energy or to introduce green conditionalities for support to carbon-intensive sectors; others have doubled down on fossil fuel production and power generation (IISD et al., 2022).

Box 8 Harnessing crises to drive ‘Nexus’ policymaking: insights from Kenya

For decades, power in Kenya was concentrated in the Presidency. These constitutional arrangements enabled inequitable allocation of public resources and fuelled intense political competition and violent struggle for the office. Violence in the aftermath of the 2007 elections was only resolved through a National Accord, which sought to re-work the balance of power and distribution of resources within Kenya. Two key features of the reconciliation effort were a new constitution that devolved significant powers (including over revenue generation and public expenditure) to the county level and land reforms to redress its inequitable and often illegal allocation (Akech, 2010; Lind, 2018). Devolution was intended to stem conflict through redressing regional inequalities and exclusions, while land reform was intended to enhance the economic security of low-income and other marginalised groups (as well as address political tensions over its distribution). Thus, a crisis served to overcome “lock in” to an exclusionary and low-productivity equilibrium in Kenya, creating new institutional arrangements with the potential to support broad-based economic development and security.

There is a growing literature on whether devolution in Kenya has achieved its goals, and to what extent (for example, see Kanyinga, 2016; Cannon and Ali, 2018; Ngigi and Busolo, 2019). Our review suggests that a period of creative and consolidated policymaking within new institutional arrangements has advanced both social inclusion and economic transformation in Kenya. However, we recognise that there are substantial variations in outcomes across the country; that there is often a disjunct between the design and implementation of policies or programmes; and that introducing new initiatives and innovation that go against the grain of vested interests has not been easy or indeed always possible. Looking forward, maintaining the political space necessary to surface and manage trade-offs demands sustained commitment to the desired landing zone rather than locking back into comfortable disciplinary paradigms and institutional processes.

The global environmental dimension of Nexus policymaking has gained traction relatively recently in Kenya, although there have long been bottom-up demands for clean water, better waste management and other local environmental outcomes. In many ways, Kenya starts in a strong position with scope to increase average per capita material consumption while staying within its fair share of global resource allocation. The country also benefits from low-carbon electricity generation as it depends primarily on geothermal, hydro and increasingly solar. However, environmental agendas may be less well institutionalised and more strongly resisted if they prove to have

significant local costs or are not implemented with acknowledgement of global environmental injustices. For example, in Machakos County, close to Nairobi and with a major industrial zone, the Athi River Export Promotion Zone, the current governor has promoted joined-up policies. However, implementation on the environmental side has been lagging, even in terms of the kinds of public goods investments that manufacturers would like to see (sewerage, landfill waste disposal). At the same time, climate related investments in Kenya have been found to be more integrated across Nexus objectives within themselves than broader government decision-making. This might mean that giving environmental actors significantly more power might be a way to achieve faster progress on Nexus policy making than trying to get more joined up decision-making altogether.

6 Conclusions/ recommendations

The process of developing and iterating this theory of change has provoked the research team and our partners to engage much more concretely with the interdependencies and synergies among our siloes. Working on poverty reduction and social inclusion, it is clear that gains depend on economic growth (at least in low- and lower middle-income countries) and a healthy, safe environment. Working on environmental sustainability, it is clear that inclusion and poverty reduction are necessary as it will not otherwise be politically feasible (or socially just) to stay within planetary boundaries. Working on economic transformation, it is equally clear that growth will ultimately be constrained and potentially reversed unless we begin to operate with greater attention to ecological limits – including through harnessing and steering innovation. It means that we need to focus on a specific sub-set of economic growth that is focused on economic transformation

Yet both conceptual and practical questions remain unanswered as we strive towards Nexus thinking and policymaking. A few of these are posited below to guide our continuing country and global work .

To define a safe and just operating space for humanity two 'background questions' need to be continuously kept in mind:

1 Can we define what an 'adequate' quality of life might be?

Assuming that this represents a sustained escape from poverty, this definition can provide a floor for conversations about poverty eradication and social inclusion, and a reference point for conversations about economic equity and social justice. Would this definition vary among communities, countries and regions based on (for example) current norms or infrastructure stock? What are the implications if so? *Key reference will be multidimensional poverty indexes, complemented by local and participatory processes about how poverty, fragility and vulnerability are defined.*

2 Can we define what a 'safe' level of environmental sustainability might be? This definition might provide a ceiling for conversations about human consumption and waste, and a reference point for conversations about economic production and social justice. Would this definition vary among scales based on different environmental considerations such as (for example) air

quality, freshwater availability or climate change? What are the implications if so? *Key references will be planetary boundaries and the precautionary principle, complemented by local environmental concerns such as air pollution and water scarcity.*

To understand how to improve living standards within this safe and just operating space, policymakers need to understand the economic tools and pathways available to them. Thus, there is a need to ask:

- 3 What types of economic transformation (defined as productivity enhancement through industrialisation, economic diversification and technological innovation) also promote environmental and social goals?** Which economic models create decent jobs or boost incomes for the poorest without compromising environmental quality? What innovations can increase the 'size of the pie' for humanity while staying between the floor and the ceiling? (For instance, there is a limit to human being's consumption of energy if that energy is from fossil fuels – but not if that energy is from solar power.) See Box 6. What relationships and links between formal and informal sectors can promote both greater social inclusion and sustainability, bearing in mind the limited reach of environmental regulation especially in the informal economy. The experiences of countries in Group B above will be most interesting here.

And questions to provoke further cross-disciplinary thinking:

- 4 What bolder principles or approaches might we need to consider to achieve social inclusion?** Principles include rights and social justice, outcomes which are achieved incrementally (dealing with the issue of cost) in support of capabilities; but also, *beneficial* inclusion - that inclusion on positive terms is necessary to reduce poverty, whether this is economic (i.e., not just any job), social (family, community and broader political structures) or environmental (access to natural resources, distribution of environmental bads). These principles can be challenged both from an economic development standpoint – the cost of achieving them, the value of 'any job' given the scarcity of jobs and the potential contribution of 'any job' to household portfolios which enable escapes from extreme poverty; and from the need to live within planetary boundaries: there may simply not be enough natural resources to go round, and they need to be used as productively as possible, which may exclude people with few assets and capabilities, for whom mitigating measures may be needed, in particular support to become more productive in the short term (assets, training) and long term (education).
- 5 How can we challenge environmentalism that does not sufficiently take account of human needs or political economies?** Many environmental actors offer bolder principles or approaches that can add value to contemporary debates and

polycymaking: e.g., the precautionary principle, the intrinsic value of nature or other species, or limits to growth. However, these approaches may also compromise the achievement of other goals if not presented with nuance. For example, the profound system changes required to stay within planetary boundaries (reaching net-zero emissions, curtailing biodiversity loss, reversing land system change) will entail real trade-offs and sacrifices. Public support will be lost unless people are confident that the burdens will be shared, that they will have a safety net and that they will benefit from new ways of living, producing, consuming and travelling. Narratives that are perceived to 'punish' economic growth or don't recognise aspirations will undermine collective action. In short, environmentalism must be grounded in physical and natural sciences, but it will only succeed if it also takes into account people's social and economic needs. Preliminary evidence from Kenya suggests that in fact environmentally derived thinking and policy making is already ahead of the curve in joining up agendas.

- 6 How can we challenge narrow economic thinking in powerful institutions?** Mainstream (neoclassical) economics is fundamentally about the allocation of scarce resources. If we consider that an 'adequate' quality of life for all people determines a minimum floor of consumption and that a 'safe' level of environmental sustainability determines a maximum ceiling for aggregate consumption, then economics should provide valuable insights into the distribution of resources between the two. But economics as a discipline has often been captured by neoliberalism, which posits that the main goal of development is an increase in material, private wealth and that markets are the most effective mechanism to achieve this goal. How can we facilitate the necessary institutional work within economic forums such as ministries of finance or development banks? What new institutional arrangements might be needed to counter these centres of power?

And finally, a question on the role innovation can play:

- 7 To what extent can innovations – technological or institutional – help manage these trade-offs?** The innovations needed in a particular context may vary, for example, the emissions associated with livestock keeping will vary depending on the intensity of the systems, and if the demand for meat and dairy consumption can be contained, it may be met from family farms where it can also play a significant role in poverty reduction, rather than more polluting industrial mega-enterprises. Family farms may nevertheless need technical advice on innovations to minimise GHG emissions, and this advice may also benefit from investment in research on diets and other livestock rearing issues. In some situations where livestock farms are contributing to deforestation, the calculation and solution may be different.

And, based on the several other papers mentioned previously,

8 How can a period of sustained creative policy making best be encouraged in order to set appropriate and joined up public policy objectives with a realistic change of implementation?

As seen in Kenya, devolution has created such a space.

Sustainable Development Councils created close to centres of power also have potential. Given that the environmental leg of Nexus thinking has come late, it may also benefit significantly from pressure from social movements to enhance the political emphasis on rebalancing economic, social and environmental objectives.

For now, recommendations are relatively limited, and focused more on the continuing research and policy engagement than on messaging to policy makers. This balance is expected to change over the course of the programme.

1 Addressing risks

Address the major risks which can undermine Nexus thinking and policy making. The major current risk is the emphasis on economic recovery alone. A strong emphasis on risk-informed policy making would help to draw attention to the medium- and long-term downside of this approach, and to the need for Nexus thinking as a way out of crisis.

2 Policy engagement

ODI Nexus needs to engage with in-country partners who have links to policymakers, especially in the centre of national political power. Its engagement needs to include actors who are close to the centre of power. For example, in Kenya, the Council of Governors should be involved, as well as relevant central ministries, and the President's advisers. ODI and partners should aim to expand the institutional space for the Nexus conversation and joined up policy making through its outreach.

3 Indicators

ODI Nexus should refocus its indicators work on intermediate outcomes, to capture movements in policy making, legislation, programming and budgeting. These are necessary to get a handle on emerging trends and likely futures, given that outcomes are slow to follow on behind policy making change, and the latter are generally fairly or very recent.

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