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OECD Development/Environment Ministerial Meeting

Stakeholder Consultations 3 April 2006

Investing in sustainable development

There is widespread concern that MDG7 is gravely off-track. As the Millennium Task Force report points out there can be no question that this will seriously undermine global efforts to meet all other Millennium Development Goals by 2015.

WWF believes environment is more than an **important** part of the development agenda but is an **integral** part. This was again recognised in the UN World Summit Outcome document of 2005 : “Poverty reduction, changing unsustainable patterns of production and consumption and protecting and managing the natural resource base of economic and social development are overarching objectives of and essential requirements for sustainable development” and where all countries committed “to adopt, by 2006, and implement comprehensive national development strategies to achieve the internationally agreed development goals and objectives including the Millennium Development Goals.”

There has been severe underinvestment to date in the environment in the lesser developed countries. OECD statistics for 2005 show DAC investment in the cross cutting issues of environment and gender at 6.5 per cent of total aid, and yet the World Bank estimates that environment-based wealth accounts for around 26 per cent of the total wealth in low-income countries. The same report “Where is the Wealth of Nations?” (2006) poses real questions about the long-term costs of ignoring natural resource assets and ecosystem services when choosing investment options for development.

Analytical work undertaken by the Poverty and Environment Partnership, and discussed at a High-level Policy Dialogue during the World Summit, revealed that environmental investments for poverty reduction can be economically attractive and that environmental management makes real economic sense. Although one Millennium Development Goal focuses on the environment, it is only through the integration of environment and development that solutions to current and emerging crises will be found and that the MDGs will be realised.

Freshwater Conservation and Livelihoods

The availability and functioning of freshwater ecosystems have a significant impact on the livelihoods, health and security of the poor. Furthermore, the harmful effects of ecosystem service degradation are often being borne disproportionately by the poor and may be the principal drivers of poverty and social conflict.

Four site-based studies of work by WWF and partners in South Africa, China, Brazil and Colombia for sustainable management of freshwater resources demonstrated increased income, increased well-being and reduced vulnerability. For example, in La Cocha, Colombia, the average income of the project’s beneficiary families is almost three times the local average family income. The Várzea project in Brazil contributed to reducing vulnerability to conflicts between water-users through the development of legally-binding agreements between cattle-owners and local communities.

Stepping up to the challenges

We welcome this meeting – it is essential that Development and Environment Ministries work in a harmonized and coherent way on ensuring environmentally, socially and economically sustainable development in a rapidly globalizing - and increasingly ecologically fragile - world.

With aid due to double during the next decade, one of the challenges will be to ensure that environment is mainstreamed and the necessary capacity is there both in government and non-government sectors. How to go about this?

- OECD plans towards common approaches for Strategic Environment Assessments are an important step in the right direction. The use of SEAs can identify opportunities for maximising environmental assets from the beginning, identify possible win-wins as well as informing decisions on trade-offs. It is not just a question of how to minimise the risks or do “no harm”.
- Development Ministries must see the Multilateral Environment Agreements - and the achievement of the goals that they have set - as the essential tools that they are for development, and must support them more strongly. Further implementation of the Bali Strategic Plan for Technology Support and Capacity Building is required. This was re-iterated at the last Global Ministerial Environment Forum in Nairobi by many developing countries who stressed the need for increased funding to help meet their international obligations under MEAs and the need for greater south-south cooperation.
- Benchmark donors’ environmental support through better and more coherent indicators and ensure significant resource allocation to MDG7 while it is underperforming against the other MDG targets.
- Use policy instruments, for example environmental fiscal reform, payments for ecological services and the reform of subsidies, to encourage environmental investments and to discourage “public bads”.
- Engage better with civil society and their networks which can enhance public participation in decision making about environmental governance - and which through their network structure are often set up to operate effectively across international boundaries in a globalised world.
- Consider the role of other policies (trade, agriculture, immigration, security, energy) in terms of contributing to social development and environmental sustainability by promoting coherence for sustainable development.

The reality of aid programming on the ground

Research by WWF on poverty-environment linkages in EC development assistance in Africa highlights some key points, including the fact that investments through Country Strategy Papers may even generate serious environmental impacts. At the EU level, we suggest:

- Institutional changes such as better guidelines and indicators, clear responsibility, training, use of strategic environment assessments, and involvement of civil society and decentralised authorities in country programming.
- At the country level, we suggest increased information dissemination of information on poverty-environment linkages to inform national planning, support for the long term development of environmental capacity in partner countries, a greater emphasis on environmental governance, and strengthening community involvement in natural resource access and management.



How do we ensure that aid does not promote environmental degradation and worsen the lives of the many poor who are directly dependent upon natural resources - and thereby create an environment ripe for conflict and insecurity? For example, the exploitation of fisheries and water resources which look only at these as commodities with attendant service prices, and which do not incorporate their management as natural resources and their potential for renewal and sustainability. How do we address the fact that it is the poor and most vulnerable in society who are going to be hardest hit by climate change affecting food, water, land use, spread of disease and the impacts of extreme weather events? It is of course incumbent upon development aid actors to factor this in when planning strategies at global, regional and national levels.

Further steps, New tools

To stop climate change from running out of control, the world needs to keep global average warming below 2°C in comparison to pre-industrial levels. Industrialised countries have an obligation to take a lead in climate change mitigation and adaptation and to bear an equitable burden of the associated costs. Urgent action is needed to avoid serious impacts. Donors should provide commensurate new funds for adaptation activities in the least developed countries and support clean and sustainable energy solutions through both aid and investment.

The importance of mainstreaming environment/including environment objectives in national development plans, as agreed at the World Summit 2005, cannot be underestimated but there are times when this will not be enough.

The EU's "European Consensus 2005" (accounting for 55 per cent of ODA through OECD) underlines the need to strengthen environment as a cross-cutting issue and recognises failures to date. It proposes that environment/water/energy may be a focal sector of choice in country or regional strategy papers and also proposes the use of a thematic programme (Thematic Programme for Environment and Sustainable Management of Natural Resources including Energy) when, as in the case of many environmental issues, they cannot be tackled by any one country but require a cooperative, multilateral, intra- or inter-regional approach.

The new EU Thematic programme has the potential to make a contribution to the OECD's thinking and planning on taking forward actions to improve synergy between environment and development and add value to environment action in country plans. If it is adequately resourced and well managed, it provides a tool to enhance the integration of both environment and energy into development policies and plans.

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