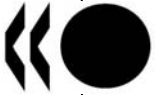


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**MAINSTREAMING CLIMATE RESPONSES IN DEVELOPMENT: ISSUES PAPER**

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## MAINSTREAMING CLIMATE RESPONSES IN DEVELOPMENT: ISSUES PAPER<sup>1</sup>

### I. Mainstreaming climate change within Development Co-operation Agencies

Within development co-operation agencies, addressing climate change and the associated potential vulnerabilities seldom figures among the top priorities. Recent OECD analysis in six countries<sup>2</sup> found that only a few donors make reference to climate change risks in country or sector-level strategic planning documents. Reasons for this may include:

- Awareness of climate change is often confined to environmental specialists;
- Climate change is considered to be largely a “northern” issue of limited relevance to poverty reduction and other strategic objectives of agencies;
- Climate change is considered as “stand alone agenda” to be addressed through special mechanisms such as the GEF;
- Environmental “Safeguards” such as Environmental Impact Assessment address the impacts of projects on the environment but not the impact of environmental changes on projects (e.g. due to global climate change).
- Accelerating economic development is considered to be the best way to reduce vulnerabilities to climate-related risks.
- The development co-operation programming cycle is generally short-term while climate change-related threats must be considered over the long term.

*How can donors improve awareness of climate change related risks within agencies?*

*How can climate adaptation be better integrated into donors’ policies and country support strategies?*

*Are there any trade-offs involved in early incorporation of adaptation responses?*

### II. Raising climate change issues with developing country partners

Recent climate-related events, including hurricane disasters in Central America, have served to raise awareness of climate variability and change as a phenomenon which could affect everyday lives of people in developing countries. However, awareness of the risks of climate change and the challenges of adaptation remains relatively low among policy makers or the general public. In cases where detailed

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<sup>1</sup> This Issues Paper suggests some basic themes and questions for discussion in Session 4 (“Mainstreaming Climate Responses in Development Assistance”) of the OECD Global Forum on Sustainable Development: Development and Climate Change, Paris, 11-12 November 2004.

<sup>2</sup> Bangladesh, Egypt, Fiji, Nepal Tanzania and Uruguay.

assessments of potential vulnerabilities have been undertaken, the results are not generally known to decision makers in planning and finance ministries. This is in part due to the fact that environmental ministries and agencies are often isolated from “mainstream” planning and policy-making processes.

As donors shift away from project-based support toward policy-based lending and sector-level programming, the scope for integrating climate change in development co-operation programmes may narrow. Very few Poverty Reduction Strategy papers, for example, refer to climate change-related risks among the factors conditioning growth prospects. As a result, climate adaptation issues seldom figure among the priorities identified for donor support.

*Should donors play an active role in bringing the climate change related risks to the attention of policy-makers in their developing country partners, and what are appropriate “entry points” for this ?*

*How can climate change considerations be integrated in the context of country-led planning frameworks such as Poverty Reduction Strategies or National Agendas 21?*

*How can climate considerations be integrated in “business as usual” development projects, as well as sectoral policies?*

*Do donors have a role to play in disseminating the results of relevant scientific research, including notably the findings of the Inter-Governmental Panel on Climate Change (IPCC).*

### **III. Harnessing the special climate funds**

The Bonn Agreements and related decisions provide for the establishment of three new funds: a “special climate change fund” and a “least developed countries fund” under the Convention, and an adaptation fund under the Kyoto Protocol. The *special climate change fund* will finance activities relating to climate change in the areas of adaptation; technology transfer, energy, transport, industry, agriculture, forestry and waste management; as well as activities to assist developing countries whose economies are highly dependent on income generated from fossil fuels in diversifying their economies.

The *least developed countries fund* will support a work programme for least developed countries to help those countries formulate National Adaptation Programmes of Actions (NAPAs). These Plans should identify activities which, if further delayed, could increase vulnerability or lead to increased costs at a later stage. This fund is to be supported by bilateral donors. The purpose of the *Adaptation Fund, to be financed from proceeds from the CDM*, is to help particularly vulnerable developing countries meet the costs of adapting to a changing climate.

*How can these funds be harnessed to support the integration of climate change issues in broader development planning?*

*Can these funds help establish or enhance needed inter-ministerial co-ordination in relevant sectors such as agriculture, forestry, energy, transport?*

*How can National Adaptation Programmes for Action (NAPA) be integrated into sustainable development strategies or Poverty Reduction Strategies.*

### **IV. A role for donors in mitigation?**

OECD countries currently account for about 50% of global emissions of greenhouse gases and 53% of carbon dioxide (excluding land use and forestry uptake). However, the OECD share is falling, as non-OECD countries experience faster economic growth. Projections suggest that CO<sub>2</sub> emissions from

OECD countries could grow by 33% from 1995 to 2020, while those from non-OECD countries could grow by 100% (OECD, 2001). Addressing the problem of global climate change in the longer term will require all countries to take action to control their emissions in the decades to come. Development co-operation agencies, which provide financial and capacity-development support in such sectors as energy, transport, industry and urban development could play an important in help developing country partners to evolve their own mitigation frameworks and move towards low-carbon development paths.

*How can development co-operation help foster a constructive dialogue with developing countries on mitigation issues?*

*Should this be an explicit objective of development co-operation policies?*

*Should such a dialogue be confined to high-emission countries?*

*Can the Clean Development Mechanism provide a useful "entry point"?*

## **V. Promoting coherent "whole of Government" approaches**

International negotiations relating to climate change are generally led by Environmental Ministries. Active participation of development co-operation agencies in these negotiations and the formulation of national positions are important ways to ensure that the agreement made reflect relevant experience in the field and support efforts towards poverty reduction and, more generally, the MDGs. This is particularly crucial when developed countries make commitments, which subsequently have to be operationalised through development co-operation agencies. Other international or regional negotiation processes relating to, for example, trade, investment, agriculture, intellectual property rights and others may have direct relevance for development and climate change environmental issues. Donors have an important role to play in ensuring that these perspectives are reflected in their national positions. This requires close collaboration with their counterparts in relevant ministries.

*Are existing inter-ministerial mechanism for the formulation of national position on international issues at the interface of climate change and development generally adequate?*

*What are the key constraints to the formulation of coherent national positions?*

## **VI. The potential contribution of the OECD**

The OECD Committees responsible for environmental issues and for development co-operation (EPOC and DAC respectively) have been collaborating on issues at the interface of climate change, development and development co-operation. In future, this will include formulating policy guidance for donors with respect to the integration of climate change risks into development co-operation policies and programmes.

*What should be the main focus of policy guidance directed at donors?*

*What is the potential role of the OECD in promoting better policy coherence between climate and development objectives – within donor agencies, in domestic settings within member governments, and with partner countries?*