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(DAC) and the Environment Policy Committee (EPOC)  
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**Session 3: “Capacity Development and Governance for Environmental  
Management in the Context of the Accra Agenda for Action”**

**Adolf Kloke-Lesch  
Director General, Federal Ministry for Economic Cooperation and  
Development, Germany**

**I) Environmental management = sustainable development:**

The environmental agenda is part and parcel of the development agenda: we should refrain from talking about “environmental management” in a narrow sense.

More than 20 years ago, in April 1987, the World Commission on Environment and Development published its pioneering report entitled “Our Common Future”. The links between poverty, inequality and environmental degradation formed a major theme in this report, which stressed the need for close integration of environmental protection into development strategies.

The report brought to life a new concept of socially and environmentally **sustainable development**. Five years later, at the United Nations Conference on Environment and Development (UNCED) in Rio, it was adopted by the international community in the form of a “global partnership for sustainable development”.

Since then it is regarded as common sense that the environment agenda (including climate) is inextricably linked and intertwined with development: where people have to struggle with food and water shortages on a day-to-day basis, it is difficult to focus their attention on longer-term environmental concerns. Resources can be used a lot more effectively and sustainably, however, if they are already factored into today’s development strategies and programmes.

- **Sustainable development and the MDGs**

Climate change and the unsustainable exploitation of resources are global environmental problems that have a direct impact on the lives and survival of billions of people in developing countries. We should be aware of the fact that questions of sustainable development including environmental protection are also covered by the MDGs. For example, it explicitly says in MDG No. 7 that sustainable environmental development must be brought about by **integrating the principles of sustainable development into country policies** – as sub-goal 9 says – and that the trend towards an increasing loss of environmental resources must be reversed. However, too little attention is paid in the MDGs to the systemic interactions between poverty reduction and environmental changes. Anyone who wants to fight poverty must protect the environment and vice versa. Global environmental policy should not be a marginal aspect of implementing the MDGs; its place is at the centre of their implementation. If we do nothing to counteract global climate changes, then they will have an even greater existentially threatening impact in the future. As we enter into a post-2015 debate, we have to fully include the environmental dimension and global public goods in general in the next generation of global development goals. Climate change has the potential to destroy the efforts made by development cooperation in a wide range of areas and thus jeopardise the achievement of the MDGs. Therefore, addressing the causes of climate change and supporting the efforts of particularly hard hit, poor developing countries to adjust to climate change are essential tasks for development cooperation.

Sustainable development and the inclusion of developing countries on the basis of climate-friendly development must also be at the core of any solution for the present financial crisis. We need a green recovery of the global economy. In order to solve the crisis, the developing countries must therefore be included, not only because of the humanitarian imperatives but also in order to revive the global economy. That revival is something that can only be maintained in the long term if the developing countries also make the transition to a low-carbon economy. We must help them to do just that.

- **Global public goods**

Environmental conservation, particularly climate protection and biodiversity, is also a very important – perhaps the most important – part of the Global Public Goods Agenda. Developing countries have a major role to play in the protection of Global Public Goods. National governments have the responsibility to lead their countries onto an environmentally friendly development path and must take ownership of these strategies and programmes; in this, they should be supported by the international community through development cooperation.

The threatened melting of the arctic ice cap and the threat of melt-down facing the banking system are linked. Our ability to protect global public goods through common goals and measures has failed to keep up with the growth of global dangers. This year, with the UN Conference on Climate Change in Copenhagen (UNFCCC) in December, and with supporting events like the G8 Summit and the Major Economies Forum (MEF), we have a chance to start a turnaround. For our common future it is crucial to limit global warming to below 2°C, otherwise the effects of climate change will not be manageable anymore. Significant domestic and external sources of finance will be required in order to finance mitigation and adaptation to climate change, particularly in the most vulnerable developing countries, and we are willing to take on our fair share of financing these actions. But the 2°C target can only be achieved if, in addition to our support for developing countries, we make fundamental changes in our own production and consumption patterns.

Economic development strategies must seek to decouple growth from the consumption of natural resources. Appropriate tools like environmental impact assessments and strategic environmental assessments can help to define elements for a country specific framework aimed at inclusive and sustainable development, and preserve biodiversity.

The principle of common but differentiated responsibilities has to be coupled with serious international efforts in the field of technology transfer, development and diffusion, in order to enable developing countries to contribute to this global effort.

- **Support from development policy**

Development policy is well placed to support developing countries in implementing policies for sustainable development. German development policy gives equal consideration to the different dimensions of sustainability (economic efficiency, social justice, ecological sustainability and political stability). It aims to integrate them into development strategies that accommodate both the necessity to protect the environment and the need to make sustainable use of environmental resources for social and economic wellbeing. It is based on the understanding that protection of environmental resources cannot be achieved unless the needs of people dependent on these resources can be met.

Furthermore, cooperation channels with partner countries are well established and continuously optimised. Activities to support economic growth and poverty reduction can be designed in such a way that they are to a large extent identical with environmental management activities. Moreover, in acknowledgement of the principle of country ownership, development policy has already reacted to many countries' requests to integrate environmental management activities and national sustainability strategies into existing "aid portfolios".

- **German development policy**

Aspects of sustainable development have been included in German development policy for decades. We realised at an early stage that the progressive loss of precious biodiversity and ecosystems nullifies development achievements and jeopardises the progress made towards achieving the MDGs, especially in Africa and in the LDCs. Thus, the BMZ is taking extensive action in the field of biodiversity and poverty reduction. In 2008, about 170 million euros was provided for German development cooperation (bilateral and multilateral) in this sector. In 2009, we have already increased the pertinent funding to 210 million euros. For the coming years even higher increases are planned, so that by 2012 our Ministry will have spent an additional 500 million euros compared to the expenditure in 2008. From 2013 onwards, yearly commitments will be increased to 500 million euros.

Until now, development cooperation efforts have accounted for by far the largest part of all international climate-related activities. This year, for example, German development cooperation will be making 1 billion euros available for climate protection and adaptation. Since 2008, Germany has been using part of the revenues from the EU carbon trading scheme for climate protection and adaptation in developing countries. In 2008, 120 million euros was used in that way. In 2009, it will be 225 million euros; these funds will be channelled via both the German Federal Ministry for Economic Cooperation and Development (BMZ) and the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU). That is, to date, the largest financial contribution to development cooperation from emissions trading anywhere in the world.

- **Coherence in development partners' assistance and support**

Both development **and** environment ministries have a great deal to contribute towards achieving sustainable development in partner countries.

As environmental and natural resources management have been an integral part of German development policy for many years, the BMZ is a key interlocutor for many environment ministries in our partner countries. More recently, the German development ministry (BMZ) and the German environment ministry (BMU) have been working together towards a coherent approach to strengthening the national systems of partner countries, so that they can integrate environmental issues into their own development policies. An instrument of this ‘coherence approach’ is the increasing number of joint negotiations with partner countries where the environment is a key area of bilateral development cooperation.

Environment ministries can contribute their expertise in developing state of the art environmental legislation, such as *feed-in* legislation, and the implementation of environmental law. Another value added contribution from environment ministries is expertise in promoting the use of sustainable technology. German environmental policy can also contribute valuable national experience with regard to active and early stakeholder involvement in environmental policymaking at different levels.

In addition to that, the effect of **global environmental initiatives** and their implementation at partner country level can be improved significantly if they are better integrated into development strategies. To this end, better partnerships between environment and development ministries are crucial.

- **New challenges**

However, we have to recognise that development cooperation is not an automatic panacea for environmental problems. In supporting sustainable development, we **face new challenges** and have to develop new and innovative approaches to tackle them.

The climate challenge is forcing us to look beyond 2015, to 2020 or 2030 or even 2050. That means we must also think beyond the goal of 0.7%.

We need new and additional funds to tackle the climate crisis. We support the conclusion of the Swedish Commission on Climate Change and Development that, as a first step, the global donor community will have to immediately mobilise between 1 and 2 billion US dollars to assist vulnerable, low-income countries that are already suffering from climate change impacts.

The developing countries are demanding quite rightly that the payments made by the industrialised countries in the climate sector must be predictable and binding over a longer period. I cannot see why that should not also be the case for the rest of ODA. A global contract between industrialised and developing countries should also be conceivable here.

**Monitoring and evaluation** of climate-related activities needs to be improved, with feedback into the negotiations process in order to enable informed choices. The DAC with its decades of statistical experience and its reputation in this field should contribute to this endeavour.

## II) **Good environmental governance**

However, it is definitely not all about money: **good environmental governance** is central. One recent example is Madagascar: since the unconstitutional transfer of power on 17 March we have observed an escalation of illegal logging in and around protected areas. We believe that this dramatic escalation in illegal logging is directly linked to governance challenges and inadequate enforcement of existing laws and regulations. The current Minister for the Environment of the ‘High Transitional Authority’ of Madagascar has issued a communiqué against illegal logging. However, the Ministry has neither the authority nor the financial means – and maybe not even the true political will – to ensure the implementation of its communiqué for the protection of the Malagasy environment and biodiversity. Significant amounts of precious resources – hardwoods, unique biodiversity and non-collected fees – are being lost due to uncontrolled timber harvesting. There is only a marginal benefit for the Malagasy rural people from this illegal trade of precious wood, as the international value of the exported wood is over 600 times the revenue that goes to the collector. The international community has therefore had to step in, in order to counter the dramatic implications of environmental governance deficits, e.g. through the creation of an International Contact Group, the preparation of consultations based on the Cotonou Agreement within the EU, and the intensification of cooperation with NGOs in the environment sector.

In general we can say that many underlying factors in connection with environmental challenges are based on shortcomings in governance: unfavourable macro-economic framework conditions, institutional deficiencies, a lack of political will, inadequate legislation and law enforcement, centralised decision-making with insufficient participation by civil society, etc. The lack of financial and appropriately qualified human resources in the environmental sector as well as vested and short-term economic interests constitute additional challenges. Hence, environmental reforms will not be sustainable without a governance dimension.

- **What are elements of good environmental governance?**

- 1) Environmental governance is not just about one ministry or one decision-maker. Decisions which have an impact on the environment are taken in many ministries (e.g. agriculture, energy, fisheries, forestry,

mining, economy). **Cross-sector linkages** are therefore important for good environmental governance. Otherwise, related policies risk creating perverse incentives and inducing negative impacts.

Development cooperation needs to support the process of establishing linkages with other sectors that affect and are affected by actions in the environmental sector. In doing so, it should on the one hand support the capacity of environmental ministries to interact with their colleagues. On the other hand, it is also important to place greater emphasis on developing, mainstreaming and upstreaming the environmental capacities of “non-environmental” actors.

For example, the introduction of **Strategic Environmental Assessments** in municipal planning in Honduras has involved actors at various levels (municipal, national, international) as well as in different sectors (Municipal Technicians, representatives of the Department of the Interior and Justice and Department of Natural Resources and Environment), with a view to integrating environmental concerns in local development processes. As a result, no municipality gets financial resources from the capital without presenting a sound SEA as part of its municipal planning process.

- 2) Good environmental governance often requires governments to reconsider their role in managing environmental affairs by **moving away** from a **centralised system** of decision-making. What is necessary is interaction at different levels and a balanced distribution of authority and responsibility in the environmental sphere. Hence, capacity development is needed not only at the national, but also at the local level. Development cooperation can promote these efforts, e.g. by empowering local governments for decision-making, by supporting decentralisation processes at the political, fiscal and administrative levels, and by helping to establish effective communication systems to link the different levels of government.
- 3) Placing environmental governance high on the **political agenda** – and keeping it there – is imperative. This is not a one-off task, but rather requires a long-term dialogue and continuous engagement with all relevant actors in order to improve capacities in a sustainable manner. In addition, high-level political commitment and ownership as well as clear global, regional and national targets are needed if the environmental sector is to contribute to sustainable development. An important instrument in this regard is the full integration of the environmental agenda into national development strategies such as Poverty Reduction Strategies.
- 4) It is widely acknowledged that many environmental problems may have regional and global consequences (such as climate change, loss of biodiversity, etc.). However, **changing environmental governance** at the **regional and global level** is challenging. Since many factors that contribute to environmental destruction do not stop at national borders and cannot be addressed by individual initiatives, it is important that partner countries join forces to harmonise policies and legal frameworks at the regional level. Development cooperation can support the establishment of partnerships and common platforms for dialogue between neighbouring countries. In addition, such platforms can help to develop measures to be implemented at the national level so as to underpin the regional processes. A good example is water: over 250 catchment areas worldwide are shared by more than two countries. Germany promotes the application of Integrated Water Resources Management (IWRM) strategies across transboundary basins, which can create a framework for sustainable and equitable use and therefore contribute to good environmental governance and crisis prevention. Experience has shown that international commissions for rivers, lakes and groundwater reservoirs form the best framework for effective management of transboundary water resources. The 14 SADC member states, for instance, signed the Protocol on Shared Watercourse Systems in 2000, an exemplary international agreement which is the basis for setting up commissions for all transboundary river basins and harmonising national water policies. Similarly, only last week, the member states of the Nile Basin Initiative finalised lengthy negotiations and adopted the Cooperative Framework Agreement (CFA), paving way for the establishment of a permanent River Nile Basin Commission. At the global level, both developing and developed countries have to ensure the continuous involvement of development, finance and planning ministries in intergovernmental negotiations that address global environmental goods such as climate stability or biodiversity.

### III) The context of the Accra Agenda for Action

- **Capacity development strengthened**

The AAA has explicitly recognised that capacity development is an essential prerequisite for aid effectiveness and sustainable development. In the Bonn Consensus (May 2008), endorsed by the Accra Agenda for Action, developing countries agreed to integrate capacity development as a core element of national, sector and thematic development efforts. This opens the door for integrating governance issues into environmental management.

- **Harmonisation**

Overall, there is a growing mismatch between the increased complexity of the international aid architecture, the need to respond to new players and challenges, and the need to adopt a country-specific platform of aid strategies and systems.

Over the last 10 years, far-reaching reforms have already been introduced into development policy, inspired by the MDGs, the Paris and Accra agendas and the consequent new orientation towards results instead of input. This experience must be used in shaping and implementing a climate agreement in Copenhagen.

New challenges arising from climate change offer the opportunity to reform the development architecture still further. This reform should be built upon existing mechanisms that can further increase performance through reforms. Setting up new institutions would cost too much time; we need to act as quickly as possible.

We must be open to criticism levelled at existing institutions by the developing countries and work together on the reforms.

The participation of the developing countries and emerging economies in particular must be strengthened, with their voice being given greater weight.

- **Division of labour**

New sources of funding, new vertical funds, new – or perhaps it would be better to say “non-DAC” – development players and expanded partnerships need to be integrated into the aid architecture. To ensure gains in development effectiveness, however, it will be crucial to examine carefully in advance how these elements can be built into the country-led aid systems. The integration of all relevant partners into a localised, country-based dialogue is vital in order to integrate the different new environmental and climate change programmes into national development priorities and strategies. It is equally important to strengthen partner countries’ own capacities so that they can take responsibility for coordination on the ground and thus define a division of labour that is appropriate to the specific conditions in the country concerned.

- **Accountability and transparency**

Accountability and transparency have been acknowledged in the AAA as essential elements for development results. Accountability is also key to good governance in the environmental sector, since power over environmental affairs without accountability can be misused and can contribute to rent-seeking, corruption and unsustainable environmental management. Hence, accountability mechanisms should be promoted at all levels of the state by – among other things – strengthening the oversight function of parliaments. Supporting the critical role and responsibility of parliaments will also in turn – according to the Accra Agenda for Action – have a positive impact on ensuring country ownership of the process. Other useful accountability mechanisms include a coherent legal and policy framework that provides appropriate penalties for non-compliance and enables authorities to enforce these laws; and a system of reporting and auditing that is transparent and easily understandable for all.

- ***Strengthening participation***

The participation of all stakeholders in decision-making increases national ownership of and responsibility for local resources. In order to strengthen participatory processes at all levels, development cooperation should on the one hand foster the abilities of civil society actors to communicate their agenda, interact with state agencies and other actors, hold government accountable and provide channels for empowering the poor. On the other hand, there should also be support for capacity development of state actors; they should be enabled to establish participatory processes in the political system and respond to civil society demands and social expectations in a constructive way.

Ladies and Gentlemen,

Germany’s Federal President, the former IMF Managing Director Horst Köhler, reiterated directly after being re-elected last week what he has said several times before: poverty alleviation and the fight against climate change are strategic goals for each and every field of international cooperation and should therefore be established as **cross-cutting tasks**. He has also said that we need a holistic development concept not only for developing countries but for the industrialised world as well.

I am convinced that discussions like those we are conducting during these couple of days can contribute a lot to these goals, if we take them as a starting point for ongoing reflections, also after we have returned home to our respective capitals.

Thank you very much.