The Development Dimension

Greening Development Co-operation

LESSONS FROM THE OECD DEVELOPMENT ASSISTANCE COMMITTEE



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Foreword

It will not be possible to deliver the holistic 2030 Agenda for Sustainable Development and the sustainable development goals without managing environmental opportunities and challenges. Development is a trifecta of economic, social *and* environmental dimensions; it cannot be achieved if any of the three dimensions are weak. This reality – recalled by daily headlines about the Amazon burning and other environmental crises – is prompting a shift towards *sustainable* development co-operation at all levels.

The OECD Development Co-operation Directorate (DCD) is supporting this transformation among Development Assistance Committee (DAC) members who have had a strong focus in recent years on the climate crisis and the importance of greening economies. We will not achieve the 2030 Agenda if we do not meet the goals for a climate-resilient, low-emissions future. At the same time, we cannot ignore the threats posed by loss of biodiversity, desertification, pressure on natural resources and the impact of pollution on the environment and, particularly, on human health.

Greening Development Co-operation: Lessons from the OECD Development Assistance Committee responds to a key challenge facing many of our members – how to integrate environment issues into development co-operation strategies and programmes so that we go beyond doing no harm to the environment, and ensure that we take every opportunity to do good.

It explores five key dimensions of development co-operation. First, is the need for strong policy commitment and leadership in development co-operation. Second, the importance of robust systems, processes and tools to ensure that environmental issues and environmental impacts are considered throughout the project/programme cycle. A third requirement is for capacity and continuous skill development of staff and partners. The fourth element focuses on the necessity of sharing knowledge, learning and engaging all stakeholders. Finally, it is essential that country partners are well-supported and that their needs are centre stage. These dimensions form the five building blocks for greening development co-operation.

The second in a series of thematic reviews launched by the DAC to increase peer-to-peer learning, this peer-learning report on environment mainstreaming has been a resounding success. It was grounded in a clear framework for analysis that reflected the needs and interests of DAC members for a review that was both policy and operationally relevant.

Going forward, the DCD will continue to support the DAC, and its Network on Environment and Development Co-operation (ENVIRONET) will continue to engage with members and others on the challenges and opportunities for environment mainstreaming, and highlight and promote good practice through DAC peer reviews. The DAC will also support further peer-to-peer learning among members, recognising the valuable contribution that such opportunities present to improve approaches to development co-operation and, ultimately, realising better results.

Acknowledgements

This report is the result of a peer-learning exercise amongst members of the OECD Development Assistance Committee's Network on Environment and Development Co-operation. The OECD would like to express its appreciation to the European Commission and the European Investment Bank, and the governments of Canada and Sweden, for hosting member visits and for sharing their experiences. Appreciation is also extended to the peer learners from Canada, the European Commission, Spain, Sweden, Switzerland and the United Kingdom, as well as staff from the Development Co-operation Directorate (DCD) at the OECD, for their participation in the member visits as well as their valuable comments on this report and related materials.

Greening Development Co-operation: Lessons from the OECD Development Assistance Committee was authored by Steve Bass and Paul Steele, International Institute for Environment and Development (IIED), under the overall guidance of John Egan and Nicolina Lamhauge (OECD, DCD). Justine Garrett of the Environment Directorate at the OECD provided comments on the draft. Managerial advice and support were provided by Rahul Malhotra (OECD, DCD). Kim Barba Francken undertook research on OECD members' environmental policies, strategies, guidelines and tools. The team was assisted by Mari Laikre. Jocelene Fouassier, Stacey Bradbury, Sara Casadevall Bellés and Stephanie Coic (OECD, DCD) helped to prepare the report for publication.

The report was edited by Fiona Hinchcliffe.

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Abbreviations and acronyms

CBD	Convention on Biological Diversity
CoP	Conference of the Parties
CRS	Creditor Reporting System
DAC	Development Assistance Committee
DG DEVCO	Directorate-General for International Co-operation and Development
EC	European Commission
EIA	Environmental impact assessment
EIB	European Investment Bank
ENVIRONET	Network on Environment and Development Co-operation
EU	European Union
GAC	Global Affairs Canada
IIED	International Institute for Environment and Development
IPBES	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services
LDC	Least developed country
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
SDG	Sustainable Development Goal
SEA	Strategic environmental assessment
Sida	Swedish International Development Co-operation Agency
SME	Small and medium-sized enterprises

Executive summary

Critical environmental challenges and threats – such as climate change, pollution, desertification and loss of soil fertility and biodiversity – must all be tackled if the holistic 2030 Agenda for Sustainable Development is to be achieved. Members of the Development Assistance Committee (DAC) share the persistent challenge of integrating, or mainstreaming, the environment into all their development co-operation activities. Mainstreaming is defined here as the *deliberate and proactive integration of environmental concerns, including climate, into development policies, plans, budgets and actions*. While this integration is required to ensure sustainability in all activities, it has been difficult to achieve in practice. Most DAC members now have environmental safeguards in place to screen out negative environmental practices, and have increased their attention to climate change. However, they recognise that policies, capacities and approaches for integrating the wider range of environmental potentials and threats need to be far more robust to meet the challenge of sustainable development.

In 2018, the DAC Network on Environment and Development Co-operation (ENVIRONET) launched a peer-learning exercise to assess how environment issues are integrated into members' strategies and programmes. This involved a survey of ENVIRONET members, the development of an analytical framework, peer visits to three DAC members – Canada, the European Union and Sweden – and workshops. This exercise allowed peers to exchange experiences and views on what is working for environmental integration and why, pinpoint persistent and emerging challenges, and share ideas and opportunities for improving the situation.

This report brings together the findings, offering demonstrated lessons and documented good practices that can be used by ENVIRONET members to enhance their approaches to mainstreaming the environment, and to inform future DAC work, including its peer reviews of members' development co-operation. The findings should also be of interest to a broader audience of development and environment authorities and professionals.

Lessons

The peer-learning exercise has shown that environment mainstreaming is common practice among DAC members. This follows growing recognition that climate and environment are core to economic and social development and to achieving the SDGs. Mainstreaming enables environmental considerations to be addressed systematically across policies, plans, budgets and activities – and at all stages of the programming cycle. It facilitates a consistent approach to the environment and climate, avoiding contradictory policy choices, such as investing in both renewable energy and fossil fuels. It also allows the limited time and resources of senior decision makers to be more effectively accessed and influenced.

Development co-operation providers have diverse policies, systems, tools and procedures for putting environment and climate at the centre of their development work. There are clearer patterns in terms of focal areas:

- Climate – both adaptation and particularly mitigation – has dominated the agenda of many members, sometimes at the expense of other environment issues.
- Biodiversity, and especially oceans, is experiencing growing interest among DAC members, despite generally starting from a low base.
- Environmental pollution and desertification have generally been neglected, in spite of clear evidence of their poverty and gender links.

The five building blocks of environment mainstreaming

With environment mainstreaming common in practice, yet in the absence of a robust and regular review of process and results, this peer learning offers an initial set of lessons for reflection. They are summarised below under five headings:

1. Strong policy commitment and leadership

- Legal requirements for environmental integration provide an essential foundation for mainstreaming.
- Leadership at a political and senior management level shapes the focus and course of mainstreaming.
- Financial targets or expenditure commitments can create incentives to mainstream environment.
- Where climate dominates the political narrative and/or programming, mainstreaming a broader set of environment considerations within climate makes strategic sense.
- Short-term work in fragile states and humanitarian programming should not overlook the environmental aspects of fragility and conflict.
- With public-private blended finance growing as an aid instrument, there is a need to mainstream environment more effectively into this process.

2. Robust systems, processes and tools

- Rigorous environmental appraisal is a key entry point for effective mainstreaming – appraisal should focus on the climate change and environment impacts on the project/programme as well as the positive and negative environmental impacts of the project/programme itself.
- Mainstreaming tends to concentrate on the planning stages of the policy and project cycle, but is relatively neglected during implementation, monitoring and learning.
- Mainstreaming can be useful for integrating multiple cross-cutting issues, and not simply as a one-way, single-issue campaign.
- Starting to mainstream early, and envisioning its outcomes, can reveal opportunities; leaving it until later makes it feel like a brake on development.

3. Capacity and continuous skill development

- Interdisciplinary skills and holistic perspectives help staff manage many cross-cutting issues (including environment) and are essential for mainstreaming.
- An internal environment/climate network or community of practice can catalyse the collective responsibility needed for mainstreaming within a development co-operation organisation.
- An environment/climate helpdesk or facility can be an efficient way to maintain expert capacity and to manage knowledge.

4. Shared knowledge, learning and engagement

- Understanding what works for integrating environment, what does not, and under what conditions, requires active analysis.

- Monitoring and evaluation of the effectiveness of environment mainstreaming by most DAC members can be broadened out beyond simply tracking financial commitments.
- Organisational learning about how environment matters in the institution's work can drive real improvements in mainstreaming.
- Engaging civil society in policy dialogue and learning in partner countries and at headquarters can stimulate social demand for environment integration – and gain access to real-world local perspectives.

5. Well-supported country systems

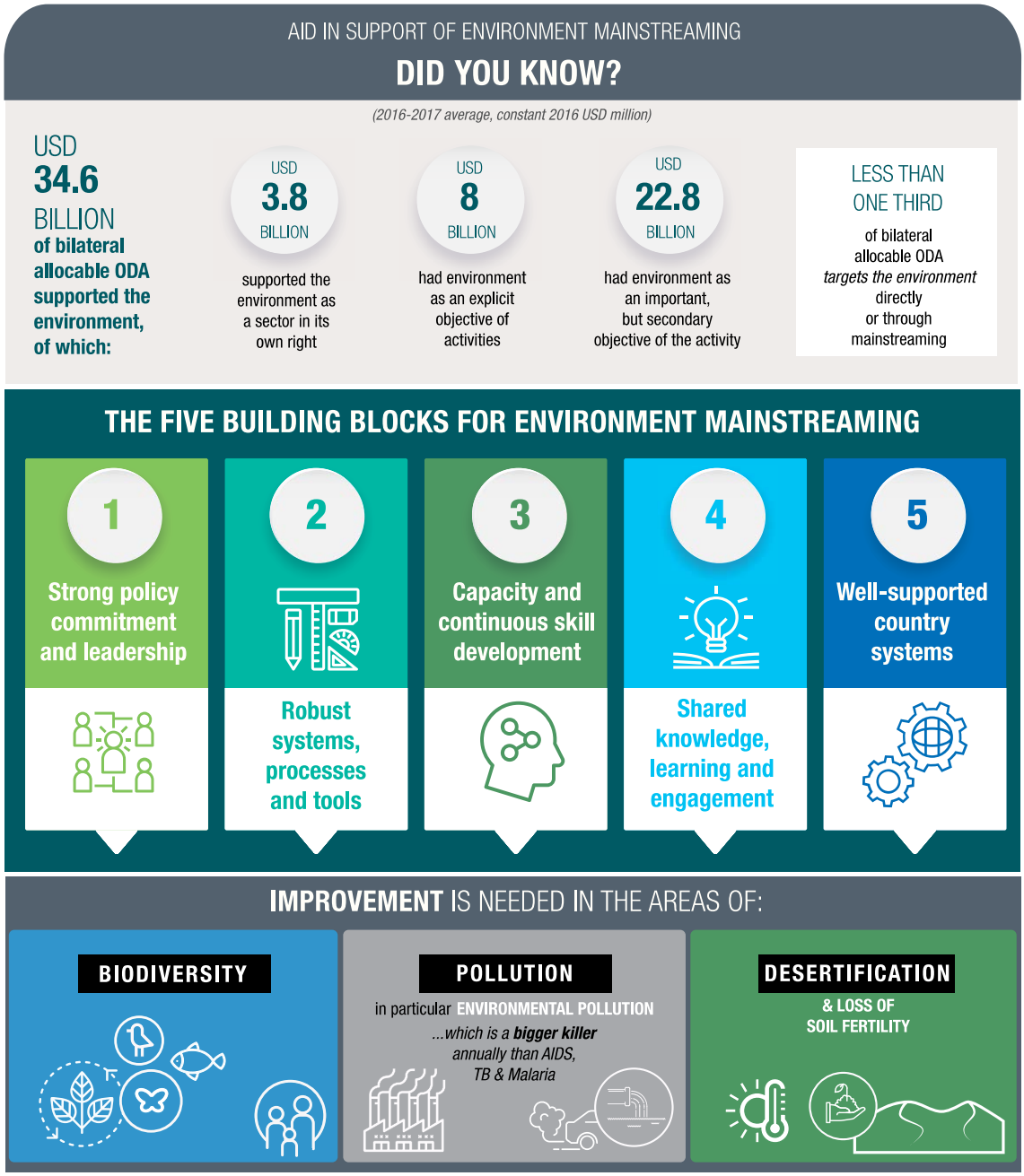
- Environment mainstreaming depends critically on country partners' commitment, priorities and capacity – it should be less about outside agencies promoting mainstreaming and more about responding to demand from country actors.
- Effective mainstreaming in-country needs to take account of the national context and identify specific, high-priority environmental issues to target – rather than attempting to handle all possible environmental issues.
- Decision makers are often most effectively persuaded by economic evidence and arguments.
- Capacity support for environmental integration is particularly needed among country partners and should be at the heart of mainstreaming.
- Capacity building and policy dialogue must move beyond ministries of environment to ministries of finance and planning, as well as key line agencies such as agriculture, energy, health, transport, industry and local government.
- Key private sector actors, especially those in the informal economy, will lead the transition to an inclusive, green economy and are important partners.
- The many guides and tools available for mainstreaming need to be assessed for their relevance and suitability for country contexts and users.

Moving forward

The learning exercise revealed strong interest amongst peers in continuing to learn together. Several needs and opportunities were noted for development agencies and professionals – and DAC members in particular – to consider:

- ***Developing peer review guidance:*** this report could offer DAC peer review teams informal guidance in assessing environment mainstreaming.
- ***Sharing and harmonising mainstreaming tools, materials and facilities*** will help members, especially smaller agencies, to adopt best practices and reduce confusion among partner countries.
- ***Improving engagement with country actors:*** DAC members can do more to collaborate with partner countries, including by integrating environment in country policy dialogues and reviews; and by providing capacity assessment and support.
- ***Enhancing coherence and effectiveness of multilateral partners' approaches to environment mainstreaming*** could include joint in-country work and improving multilaterals' mainstreaming systems and tools.
- ***Filling thematic gaps in mainstreaming:*** joint exploration is needed of biodiversity, desertification and pollution, as well as natural capital approaches, and environment in humanitarian aid.
- ***Improving systems:*** gaps to be filled include mechanisms prioritising among environment issues; monitoring, evaluation and learning on mainstreaming effectiveness; guidelines for assessing environment integration in tracking financial commitments; and a focus on environment in blended finance.

Infographic 1. Aid in support of environment mainstreaming



1 The purpose and scope of this report

Environment mainstreaming is understood as the deliberate and proactive integration of environmental concerns, including climate, into development policies, plans, budgets and actions. This chapter explains the genesis of this peer-learning exercise on environment mainstreaming, a priority challenge which Development Assistance Committee (DAC) members identified as urgently requiring more research and learning. It outlines the challenges facing DAC members as they seek to go beyond using environment safeguards, choosing to integrate a wide range of environmental potentials and threats in their development co-operation activities.

This peer learning exercise on mainstreaming environmental issues in development co-operation was conducted by the OECD's Development Assistance Committee (DAC). The DAC is a unique international forum of many of the largest government providers of development co-operation, promoting knowledge management, exchange of best practice and peer review.[1] Formal DAC peer reviews[2] are a well-known requirement of membership and serve two purposes: 1) holding DAC members accountable for the commitments they have made, and reviewing their performance against key dimensions of development co-operation and other domestic policies with an impact on developing countries; and 2) allowing members to share and learn from good practice.[3] For emerging trends and pressing challenges in development co-operation for which there is not yet clear DAC guidance, or where members are finding implementation challenging, the DAC has begun peer-learning exercises to help move forward. This report summarises the second formal peer-learning process, which was informed by the first, on private sector engagement for sustainable development (OECD, 2016[1]).

In 2017, DAC members identified managing and mainstreaming environmental concerns as a priority challenge which urgently required more research and learning. They agreed that to deliver the holistic 2030 Agenda for Sustainable Development,[4] it was critical to tackle environmental challenges and threats such as climate change, pollution, loss of ecosystem services and biodiversity at local, national and global levels. Managing environmental opportunities and challenges is clearly essential to achieve the environment-focused Sustainable Development Goals (SDG) on climate (SDG 13), on aquatic systems (SDG 14), and on land systems (SDG 15).[5] However, the integrated nature of the SDGs also requires environmental concerns to be addressed across all the goals – and this is the challenge now facing DAC members.

Environment mainstreaming means *the deliberate and proactive integration of environmental concerns including climate into development policies, plans, budgets and actions*.[6] This is required to ensure environmental sustainability in all activity, but it has been difficult to achieve in practice. While most DAC members have environmental safeguards in place to screen out bad environmental practice in planning development interventions, and have increased their attention to climate change, they recognise that their policies, capacities and approaches for integrating the wide range of environmental potentials and threats are not robust enough to meet growing challenges.

It is strikingly clear that the challenges driving environment mainstreaming are changing, and most are escalating. There have been rapid advances in many areas, with recent improvements in scientific understanding of environmental functioning and the threats to it. Climate change has dominated environment mainstreaming in the last decade, driven to the top of the agenda by sound scientific consensus, increasing government and business concern, as well as public pressure. But other ecological limits have also become apparent,[7] challenging DAC members to better understand and tackle issues as diverse as pollution and biodiversity. There is now almost universal government commitment to increasingly ambitious international environmental and sustainability policies (notably embodied in the 2015 Paris Agreement on climate change[8] and SDGs). The stakes are being raised by non-government actors: market drivers to apply environmental standards to investment and production are expanding, with many leading companies now avoiding carbon-intensive production and aiming for certified markets; while escalating civil society protests in developed and developing countries alike are highlighting environmental degradation and calling for environmental rights (including schoolchildren in several countries striking to call for government action and street protests on the climate emergency).

The parallel changes in development assistance, including decentralisation to country offices and the increasing role of the private sector and new (blended) finance mechanisms, are diversifying development partners and funds. This demands greater clarity over the objectives and approach to environmental integration. The time is therefore ripe for the DAC to share experiences and lessons on how best to advance the individual and collective responsibilities of development co-operation to mainstream environment.

This learning exercise aimed to assess how *all* relevant environment issues – not only climate, the current prevailing focus – are integrated into DAC members' strategies and programmes. The approach was to look at actual practice and involved peers visiting one another and exchanging experience and views (Chapter 2). They looked at environment mainstreaming across all the programme cycle tasks from assessment, strategy, planning and financing, to reporting and review, as well as staff and partner capacity development. The peers sought to find out what worked for environmental integration and why, to pinpoint persistent and emerging challenges, and to explore ideas and opportunities for improving practice.

This report summarises the lessons gathered through the peer-learning process (Chapter 3). It offers demonstrated lessons and documented good practices that can be used by DAC members and others to enhance their approaches to mainstreaming environment, and to inform future DAC work – including peer reviews. Chapter 4 concludes with preliminary suggestions on how the DAC can support improved approaches to environment mainstreaming. While addressed to DAC members, it is hoped that this report will also interest development and environmental authorities and professionals more broadly, particularly those operating in developing countries.

References

OECD (2016), *Private Sector Engagement for Sustainable Development: Lessons from the DAC*, OECD Publishing, Paris, https://doi.org/10.1787/9789264266889-en. [1]

Notes

[1] See www.oecd.org/dac/development-assistance-committee

[2] These are available at: https://www.oecd.org/dac/peer-reviews

[3] Currently each DAC peer review covers the following topics: global efforts for sustainable development; policy vision and framework; financing for development; structure and systems; delivery modalities and partnerships, globally, regionally and at country-level; results, evaluation and learning; fragility and crises; and humanitarian assistance. All of these have implications for environmental mainstreaming.

[4] Available at https://sustainabledevelopment.un.org/post2015/transformingourworld

[5] The text of the SDGs is available at: https://www.un.org/sustainabledevelopment/sustainable-development-goals

[6] The term used by Sida is not mainstreaming, but integration, which works better in Swedish. 'Integration' is also used by many others, sometimes because it does not imply a hierarchy between the elements which are being brought together.

[7] Such as Stockholm University's research into the nine planetary boundaries: www.stockholmresilience.org/research/planetary-boundaries/planetary-boundaries/about-the-research/the-nine-planetary-boundaries.html

[8] See https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement

2 The peer-learning process

This chapter presents the process followed by the Development Assistance Committee (DAC) peer-learning on environment mainstreaming. It starts with a description of the methodology and outlines the timeline of followed in undertaking the peer-learning exercise. It presents a summary of the findings of an initial survey of members of the DAC Network on Environment and Development. The analytical framework developed to assess environmental mainstreaming is described. The chapter ends with for reflections on the learning process.

Methodology

The process began with discussions amongst DAC members in 2017. In October 2017, members of the DAC Network on Environment and Development Co-operation (ENVIRONET) agreed to participate in the proposed peer-learning exercise. A survey of members of ENVIRONET in February 2018 (Box 2.1) asked members about their practices in environment mainstreaming and their learning needs; 23 members responded.

Box 2.1. Environment mainstreaming by DAC members – initial survey findings

Internal mainstreaming – members' current approaches

- Policy: 100% of respondents say environment is included in development policy.
- Project design: 91% integrate environmental objectives at the programme/project design stage.
- Environmental safeguards: 78% operate environmental safeguards.
- Headquarters capacity: 70% ensure capacity of headquarters staff in environmental mainstreaming.
- Country staff capacity: 57% build country/regional/field office staff capacity for environmental mainstreaming.
- Strategic environmental assessments: 43% use strategic environmental assessment (SEA) or equivalent.
- Do no harm: 43% deploy standards to ensure no negative impacts.
- Country partner mainstreaming and outcomes – members' current support
- Capacity development: 78% of respondents support environment capacity development of key ministries and 70% support environment capacity development of local government.
- Data and information: 61% are strengthening environmental data and information systems.
- Mainstreaming support: 52% promote direct process-related support on mainstreaming.
- Creating demand: 35% give attention to creating demand for environment-related technical work.

Top challenges faced by members

- Communication: achieving clarity and internal coherence on environment and climate.
- Policy makers and senior management: getting their attention in a context of competing issues.
- Culture: questioning assumptions about the primacy of economic growth.
- Multiple mainstreaming: balancing increasing calls for gender, rights, environment, climate, etc.
- Capacity: dealing with expertise gaps and overstretch in programme development and delivery.
- Monitoring, evaluation and learning: ensuring meaningful monitoring and evaluation, and providing for systematic learning.

Note: Survey conducted January-February 2018; sent to the 30 DAC members and institutions participating in ENVIRONET.

ENVIRONET discussed the survey results in May 2018. The critical dimensions that emerged helped to shape the analytical framework for the peer-learning process (Box 2.2). The results also informed the decision to focus the learning exercise on environment mainstreaming, as opposed to wider aspects of environmental management.

The next step was to conduct **one-week visits** to three DAC members – the European Union, Sweden and Canada – between September 2018 and April 2019 (Table 2.1.). The visits were conducted by peers from other DAC members[1] and involved discussions with a wide variety of staff and partners, including staff at embassies. In other words, it was not simply the environment specialists who were consulted. The discussions were informed by detailed background papers prepared by the host agencies on their environment mainstreaming work and their learning objectives, by an annotated agenda for each visit, and by an analytical framework guiding the entire exercise (Box 2.2). Each visit culminated in a multi-stakeholder workshop to review the preliminary lessons.

Workshops were also held to discuss the three learning visits, to draw in wider reflections from additional DAC members and observers, and to review and steer the work at key points (Table 2.1.).

Table 2.1. Peer-learning timeline

Date	Event
March 2017	DAC delegates consulted about the proposed peer learning exercise
October 2017	ENVIRONET members agree to the proposed peer learning exercise
February 2018	Initial survey of ENVIRONET members on their progress and challenges faced in mainstreaming environment
May 2018	Inception workshop in Paris for ENVIRONET members to share their initial experiences of environment mainstreaming
September 2018 to April 2019	Peer visits to three DAC members – the European Commission (EC) and European Investment Bank (EIB) (September 2018); Sweden (January 2019); and Canada (April 2019)
October 2018	Learning workshop in Paris to consult stakeholders on emerging findings, notably from the European Union visit, and identify remaining gaps and priorities to be further explored
April 2019	Session at ENVIRONET meeting in Paris to validate and enrich the preliminary findings from all visits and workshops to date, and discuss communication and follow-up options
September 2019	Lessons and next steps discussed by the DAC

The visited and visiting peers, whose learning provides the main material for this paper, were from Canada, the European Union (EU), Spain, Sweden, Switzerland and the United Kingdom. The International Institute for Environment and Development (IIED) facilitated the process and provided technical input, supported by a team from the OECD's Development Co-operation Directorate (DCD).[2] The peers' findings and suggestions are presented in Chapters 3 and 4.

Outputs

Four products emerged from the learning process, all of which should have continuing value:

- **A partial 2018 baseline of the state of environment mainstreaming** across the DAC drawn from the results of the initial ENVIRONET survey.
- **The environment mainstreaming analytical framework**, developed by IIED in response to critical dimensions discussed at the inception workshop, and subsequently adjusted through the peer visits. This offers a set of six dimensions with more detailed questions to aid diagnosis and discussion (Box 2.2).
- **Three detailed reports of learning from each visited member**. These are summarised in Annexes A-C.
- **Greening Development Co-operation: Lessons from the OECD Development Assistance Committee**.

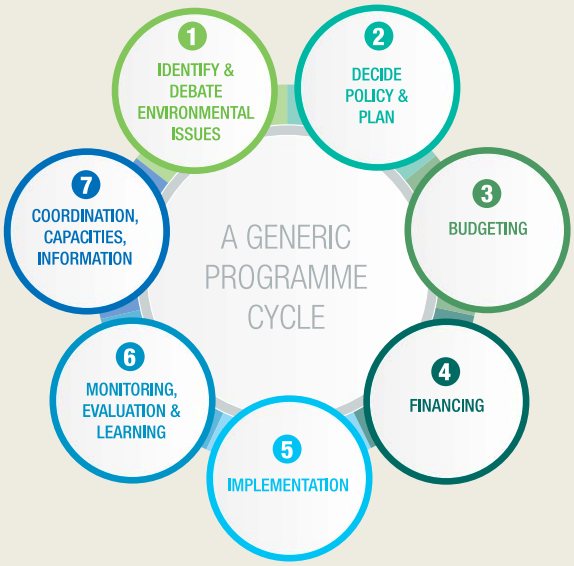
Box 2.2. An analytical framework for assessing environmental mainstreaming

This framework was found to be helpful both for guiding dialogue during the member visits and for diagnosis. All three hosting members used it to structure their background papers, provided in advance of the visits. This report is also structured along similar lines, developing five building blocks derived from the six elements below and informed by the experience of the peer-learning process.

1. Mainstreaming mandate, leadership and intentions: What are the overall priorities of the DAC member's development co-operation? How has environment been included in its development vision, institutional mandates, policies, strategies, theories of change, and management and staff priorities; and with what definitions and assumptions? What drives attention to the environment and what environmental issues are given most priority?
2. Mainstreaming system and tools: How is environment promoted throughout the programme cycle (Figure 2.1) and using which tools and procedures – such as safeguards, standards, assessments, progress indicators and monitoring, incentives and accountability mechanisms? How far are these embedded or separate? Do they work or not – and why? How are they improving over time?
3. People and their capacities for mainstreaming: Who is involved in mainstreaming environment in development co-operation? What are their responsibilities for mainstreaming, what skills are applied and what kind of partnerships are mobilised?
4. Knowledge, learning and engagement: How is the DAC member learning about progress made in supporting positive links between environment and development as well as reducing negative links; about drivers and constraints affecting these links; and about emerging issues?
5. Partner country mainstreaming: How is the DAC member informing itself about points 1-4 above in terms of how they affect partner country policies, systems, capacities and knowledge? What use is made of country mainstreaming systems, and/or support given where necessary?
6. Outcomes of mainstreaming: What changes are achieved through environment mainstreaming – across a spectrum from improved awareness, to improved decisions, behaviour and institutions, to actual changed conditions on the ground?

A generic programme cycle was also mapped, so that the framework can be used to interrogate and plan for environment mainstreaming across all activities (Figure 2.1). This is in part to move beyond the common situation in which mainstreaming tends to concentrate only on issue identification and planning.

Figure 2.1. The Generic Programme Cycle



Source: Author

Reflections on the process

The peers benefited considerably from the learning process. The final workshop in April 2019 strongly validated the process as a way to get to grips with shared challenges. All three visited DAC members (Canada, the EU and Sweden) commented that the peer learning had:

- helped them to take stock of their approaches to a multi-faceted and fast-changing agenda: this was achieved through preparing background papers and the peer-led dialogue, both based on a rigorous analytical framework
- validated some approaches to mainstreaming, challenged others, and brought in inspiring ideas and stories of change from peers' experiences
- drawn the attention of colleagues, including senior management, to the significant issues of environment in development co-operation, to the progress made, and to the growing need to improve environmental performance
- helped them to prioritise what to do next to improve environment mainstreaming. All three members drew up an action list after the peer visit, and some have already made internal decisions, e.g. preparing a formal management response to the peer learning, and opening up new programming opportunities.

The April 2019 workshop raised considerable interest in continuing learning beyond the current exercise, to help other DAC members and to build a community of practice on environment mainstreaming.

> *'The learning week was an enjoyable, efficient and high-profile event. It has really increased attention to environment in-house, including at high levels.'*
>
> *'Exchanging learning with peers facing similar challenges is much more energising than a classical external evaluation. We know we are not alone!'*
>
> *'We are better at knowing ourselves – what we are good at.'*
>
> *'We now resolve to make a quality step in our mainstreaming.'*

Notes

[1] The peer visitors were Michelle Tremblay and Stéphane Tremblay (Canada), Bernard Crabbé, Juan Palerm and Egger Topper (European Commission), Maite Martín-Crespo Muro (Spain), Ulrika Åkesson (Sweden), Daniel Maselli (Switzerland), and John Carstensen (United Kingdom).

[2] The facilitators of the process and authors of this paper were Paul Steele and Steve Bass from IIED. John Egan and Nicolina Lamhauge (OECD/DCD) participated in all activities and provided oversight.

3 Lessons from the peer-learning exercise

This chapter presents lessons that emerged from the peer-learning on environment mainstreaming. It lists five building blocks that have evolved from the analytical framework presented in Chapter 2: strong policy commitment and leadership; robust systems, processes and tools; capacity and continuous skill development; shared knowledge, learning and engagement; well-supported country systems. It illustrates these five building blocks with good practice examples from the three Development Assistance Committee (DAC) members visited as part of the peer-learning.

The peer-learning exercise has shown that environment mainstreaming is common practice among DAC members. Development co-operation providers have diverse policies, systems, tools and procedures for ensuring that environment and climate are important considerations in their development work. The principal reason given for environment mainstreaming is that development significantly depends on good management of environmental assets and/or is subject to environment and climate risks. There has recently been growing recognition that climate and environment are core to economic and social development and to achieving the SDGs.

DAC members seek to benefit from several advantages of a mainstreaming approach to environment:

- It can allow environment and climate to be accorded critical importance in development decision making. In addition to the value of separate environmental interventions, the benefits can be greater and more sustained if environment and climate are also integrated into non-environmental and higher-profile development work.
- It can enable environmental considerations to be addressed systematically across policies, plans, budgets and activities – and at all stages of the programming cycle from preparation to approval to implementation to oversight.
- It allows members to more effectively access and influence senior decision makers who have limited time and resources.
- It enables a consistent approach to environment and climate, avoiding contradictory policy choices, for example avoiding investing in both renewable energy and large-scale fossil fuels.

Surprisingly, most DAC members conduct limited assessments of the results of environment mainstreaming. While much energy is often put into mainstreaming at appraisal and planning stages, implementation and the outcomes and impacts of environment mainstreaming receive less attention, as we explore below.

With environment mainstreaming common in practice, yet in the absence of a robust and regular review of process and results, this peer learning offers an initial set of lessons for reflection. They are summarised below under five headings which have evolved from the analytical framework (Box 2.2) supplemented by examples from the three member visits which are highlighted in additional boxes.

Strong policy commitment and leadership

Providing a legal mandate

Mandated legal requirements to integrate environment provide the foundation for mainstreaming. In the case of the European Union (EU) this is achieved through EU treaties, laws and policies, whilst Canada's development co-operation agency, Global Affairs Canada (GAC), has a sophisticated legal process for environmental compliance known as the Environment Integration Process (Box 3.1).In many cases these legal mandates have been focused on moving from doing no harm to doing more good, identifying the environment as an opportunity for development action.

Box 3.1. Good practice in legislating mainstreaming

A strong legal and policy framework provides a firm basis for EU environment mainstreaming. EU treaties, laws and policies have built successively more ambitious high-level mandates to integrate environment and more recently climate issues Into EU development co-operation, notably and most recently through the strategy to implement the 2030 Agenda: the New European Consensus on Development (European Council, 2017[1]). This legal and policy basis for mainstreaming sends clear signals to staff to respond appropriately to the regulations on mainstreaming. This is true not only in the organisations directly concerned – such as the European Commission's Directorate-General for International Co-operation and Development (DG DEVCO) and the European Investment Bank (EIB) – but also across the EU institutional landscape, including the environmental audit process. There is a general acknowledgement that environment and climate are a firm part of the European Commission and EIB's overall mandates.

Global Affairs Canada benefits from a strong and operationally effective legal framework comprising the Canadian Environmental Assessment Act (Government of Canada, 2012[2]) and a Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals (Government of Canada, 2016[3]). An Environmental Integration Process (EIP) screening tool was developed in 2014 to assess environmental risks and opportunities in each project (Government of Canada, 2014[4]). The EIP is integrated into Global Affairs Canada's financial system as a way to improve compliance; projects cannot be implemented until all environmental requirements are met. This legal framework has proven to be particularly important to ensure the environment is not overlooked when political or management priorities change – such as with Canada's current focus on gender equality and empowerment of women and girls.

Source: (European Commission, 2016[5]) *Integrating the environment and climate change into EU international cooperation and development; Towards sustainable development*; (IIED, 2018[6]) *DAC Peer Learning on Mainstreaming Environment: Visit to the European Commission and European Investment Bank, 24-28 September*; (IIED, 2019[7]), *DAC Peer Learning on Mainstreaming Environment: Visit to Canada, 1-5 April 2019*.

Driving mainstreaming and leadership

Leadership at a political level – both national and individual – is important for driving mainstreaming. This is especially demonstrated by Sweden, which has been a consistent champion of environment in development since hosting the first UN Conference on the Human Environment in 1972. Experience from the EU and Canada reveals useful approaches for making environment and climate relevant in a context of higher profile political priorities or agendas (Box 3.2).

Box 3.2. Good practice in making the environment relevant to broader political priorities

In the EC and EU member states, the political agenda has included the priorities laid out by President Juncker and other political leaders, focusing on investments, jobs, growth, migration, security, energy and climate. A persuasive approach to mainstreaming involves being positive – presenting it as a way of improving the quality of development, and not only ensuring environment and climate safeguards are in place. This needs to be backed up with good evidence of the specific environment/climate links among these positive political priorities: for example, synergies between biodiversity management and peace and security in projects around Virunga National Park in Democratic Republic of Congo.[1] Links to business and investment priorities are made visible by the Directorate-General for International Cooperation and Development's green economy programme (European Commission, 2018[8]), which

has a growing evidence base of how environmental activities embody opportunities for decent jobs and gender equity. In some contexts, the circular economy[2] also provides a more focused and politically neutral framing than the green economy, as it is focused on functional environmental system links with the economy – high-level EC political missions have engaged with several developing countries on this.

Source: (European Commission, 2018[8]), *The inclusive green economy in EU development cooperation: An innovative approach at the intersection of the EU's Planet, People and Prosperity objectives.* European Commission. (IIED, 2018[6]), *DAC Peer Learning on Mainstreaming Environment: Visit to the European Commission and European Investment Bank, 24-28 September*.

A financial target or expenditure commitment can create a strong incentive to mainstream environment. The EC, Sida and EIB have financial targets for climate (and for biodiversity in the case of the EC and Sida, plus for environment in the case of Sida) which have helped to place these issues high on the operational agenda, ensuring both environment specialists and other staff treat them seriously (Box 3.3). The EC and Sida use a policy marker on the environment and the Rio objectives on climate change, biodiversity and desertification within the DAC Creditor Reporting System (Box 3.4) to track expenditure, whilst the EIB uses a tracking system agreed with other multilateral development banks. All these organisations also exercise quality control to try to avoid over-stating achievements, and to ensure all contributions are captured accurately by their statistical systems. One lesson is that an emphasis on accounting for financial targets needs to be accompanied by medium to long-term monitoring of results if it is to ensure real environmental integration into project design and improvement in the quality of activities.

Box 3.3. Good practice in using financial targets to encourage mainstreaming

The EC has committed to spending 20% of its budget on climate action, along with a target that is less well-known – contributing to the Hyderabad commitment of doubling biodiversity-related financing flows to developing countries (which translates into a target of EUR 332 million a year). The contributions to the climate target come primarily from spending on climate-related agriculture and energy programmes, and may be increased to 25% in the next EU budget. The European Investment Bank already has an ambitious target for climate action for developing countries of 35% of lending by 2020, increased from about 25% in 2015.

Sida has a set of environment targets to achieve by 2020, and baselines against which to compare them. The overall environment target is to increase the share of funding in which environment is a principal objective to 15% (from 12% in 2016), and a significant objective to 45% (from 34% in 2016). The climate target is to increase the share of Sida's total funding (climate financing) to 28% (from 13% in 2015). For biodiversity, the target is to increase funding where biodiversity is a principal objective to 4% (from 1% in 2015) and a significant objective to 15% (11% in 2015).

Source: (IIED, 2018[6]), *DAC Peer Learning on Mainstreaming Environment: Visit to the European Commission and European Investment Bank, 24-28 September;* (IIED, 2019[9]), *DAC Peer Learning on Mainstreaming Environment: Visit to Sweden, 21-25 January 2019*.

Broadening the themes

- Between them, DAC members cover a wide range of environment issues, and there are always new topics in the spotlight. SDG14 and the ocean are areas of emerging interest for Canada and Sweden, for example. There is much scope for DAC interaction and learning on such issues. However, peers warned against constructing siloed, single-issue approaches to the environment given their intimate interlinkages – instead they should keep oversight of the breadth of environment concerns. While DAC members vary in their environmental foci, some clear patterns emerge:

- **Climate – both adaptation and mitigation – dominates other environment issues for most DAC members.** This is true for the EC, Sida and Global Affairs Canada. This is not surprising given the political and economic imperatives of climate change and the resounding success of the 2015 Paris Agreement on climate change as a piece of political consensus building. Climate has succeeded to such an extent that it might now be described as having been mainstreamed. However, there is some concern amongst civil society groups and some peers that climate change adaptation and resilience are not receiving enough attention from DAC members as climate change mitigation, despite adaptation being the primary concern expressed by many developing countries, and especially the least developed countries (LDCs). Within this area, the links between climate and gender challenges have become clearer, and this is a growing area of programming, including in Canada and Sweden.
- Where climate is a dominant political narrative and/or programme area, there is a strategic logic to combining broader environment mainstreaming with climate mainstreaming. This approach has been explicitly taken in the EC, for example. The political priority of climate can be used to raise less prominent environment issues such as biodiversity.

Box 3.4. Reporting of environment-related development finance

The OECD Creditor Reporting System (CRS) monitors development finance that is targeted at climate- and environment-related objectives. For each activity reported, DAC members indicate whether it targets environment, or more specifically the objectives of the Rio Conventions on climate change, biodiversity and desertification; and whether it does so as a 'principal' objective or as a 'significant' objective. Activities scored as 'principal' would only have been funded to achieve that policy objective; activities scored 'significant' have other primary objectives but have been formulated or adjusted to help meet the policy objective. Through this scoring system, the markers provide an indication of the degree of mainstreaming of environmental considerations into development co-operation portfolios. Reporting on these policy markers is mandatory for DAC members. A few non-DAC members and multilateral providers, including environment- and climate-related funds and programmes, also apply the markers on a voluntary basis.

- Since 2013, seven large multilateral development banks (MDB) have reported project-level data on their climate-related development finance to the DAC through the identification of climate components within projects, based on a joint MDB methodology.

Note: For more information see: https://stats.oecd.org/Index.aspx?DataSetCode=CRS1

- **Biodiversity is experiencing growing interest among DAC members, albeit starting from a low base.** Commitments are illustrated by Sida's 15% biodiversity integration target, and the EC's intention to double biodiversity aid, described above. Biodiversity is likely to receive growing international focus in the run up to the 2020 Convention on Biological Diversity (CBD) Conference of the Parties (CoP) in China, where new targets will be agreed. At present, however, the extent of biodiversity mainstreaming remains limited, and most DAC members' support for biodiversity has been through dedicated projects rather than mainstreaming. Reasons given are common across peers: 1) the economic rationale for biodiversity has not been recognised in the same way as for climate;[3] 2) the complexity and multifaceted reforms required to stem biodiversity loss compared to the comparatively 'technically manageable' (although politically resisted) growth-enhancing fixes to mitigate greenhouse gas emissions; and 3) the perception that biodiversity is a narrow niche not well linked to other development imperatives.
- However, these views are being challenged in the run up to the CBD CoP in 2020, notably by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES).[4] Its

2019 Global Assessment Report underlines the urgency of many threats to biodiversity and their human consequences (IPBES, 2019[10]). It argues that biodiversity is a development issue: it underpins environmental goods and services which poor people cannot afford to buy – such as flood protection, food and health. The loss of biodiversity poses risks to hard-won development gains by compromising agricultural adaptive capacity, exacerbating natural disasters, reducing carbon storage, and damaging important global and local heritage (Roe, Seddon and Elliot, 2019[11]). Peers noted the constructive potential of linking biodiversity with other environmental priorities, e.g. integrating it into climate change adaptation and mitigation efforts, which warrants greater exploration.

- **Environmental pollution has been neglected by many DAC members, in spite of clear evidence of its poverty, health and gender links.** Peers concluded that DAC members should widen their focus to take account of the full range of environment issues relevant to development, notably poor local environmental health that especially affects women and girls in LDCs and fragile states (e.g. access to water and sanitation; exposure to vector-borne disease such as malaria and dengue; and indoor and outdoor air, ground and water pollution). According to the *Lancet Commission on Pollution and Health*, "diseases caused by pollution were responsible for an estimated 9 million premature deaths in 2015—16% of all deaths worldwide—three times more deaths than from AIDS, tuberculosis, and malaria combined and 15 times more than from all wars and other forms of violence. In the most severely affected countries, pollution-related disease is responsible for more than one death in four" (Landrigan et al., 2017[12]).
- **Environment is one of the five dimensions of fragility addressed in the OECD fragility framework**, and environmental fragility[5] has increased since 2016 (OECD, 2018[13]). Importantly, official development assistance (ODA) is the most significant flow to countries that are highly environmentally fragile – such as Burundi, Mali and Mozambique – and can thus play a significant role in reducing environmental fragility.
- While emphasis on fragility has become a key element of delivering on the SDGs, the peer learning found that this should not be to the detriment of a medium-term commitment to tackling environmental aspects in fragile and crisis-affected areas. In particular, there are some important linkages which must be kept in mind:
  - In fragile states, there is growing evidence that environmental decline and exposure to climate shocks is contributing to country fragility and conflict (OECD, 2018[13]).
  - Because of a looser regulatory framework, fragile states are more prone to large-scale environmental degradation and environmental risks.
  - Humanitarian response also raises environmental health issues (albeit more limited in scope). For example sanitation and indoor air pollution from biomass burning are problems in and around refugee camps. Environmental degradation such as water scarcity and poor quality can also create severe humanitarian needs and population displacements.
- As DAC members' engagement in fragile and crisis contexts increases, a better understanding of the environmental dimension of fragility in each context will be required. Because fragility and environmental risks feed each other, taking into account the environmental dimension while programming in fragile and crisis contexts is becoming increasingly relevant and warrants further enquiry.
- With public-private blended finance growing as an aid instrument, there is a pressing need to mainstream environment into this process. This will include making links between private finance and the transition to an inclusive, green economy, with specific focus on infrastructure, energy, urban development and agriculture. This requires greater attention by DAC member environment professionals, supported by training and guidance. Country partners will also need support and capacity building.

Robust systems, processes and tools

Embedding environmental appraisal

A rigorous environmental appraisal of each proposed project/programme is a key entry point for effective mainstreaming. This is most effective when it looks at both negative environmental impacts as well as positive environmental opportunities. It should also run all the way through the project cycle from identification, to design, approval, implementation, monitoring and learning. Recent trends among some members of making environmental appraisal more flexible – sometimes voluntary rather than mandatory, context-specific rather than entirely rules-based, and participatory rather than organised by environment staff – have helped increase the profile and ownership of the mainstreaming process and its results. However, for some members this has also meant that the appraisal has lost rigour and, as a result, some activities have become exposed to environmental risk. Nevertheless, many DAC members have good examples to learn from – the key being to embed environmental appraisal in the overall management system (Box 3.5).

Box 3.5. Good practice in environmental appraisal

It has been mandatory for all Swedish government agencies to establish an Environmental Management System (EMS) since 2009, and to operate it according to the Swedish Environmental Protection Agency's guidelines. Sida has focused its EMS on managing the potential environmental impacts of its diverse roles as financier, analyst and dialogue partner, as well as its direct green office operational impacts. Sida is working towards ISO14001 assurance of its EMS to attest to the quality of the system. The EMS is recognised as a foundation for Sida's work in environmental integration, and applies to the full cycle of planning, implementation and monitoring of strategies and contributions. The 2018 Sida environment audit (itself a requirement of the EMS) noted that Sida's leadership is committed to the EMS as a way to strengthen the quality of Sida's overall work, and that the annual external audits of the EMS have strong messaging and strategic potentials.

Global Affairs Canada (GAC) has evolved a rigorous system, and a strong and sophisticated set of environmental appraisal tools as part of the Environmental Integration Process (see Box 3.1). This process is not limited to the project design phase, but continues throughout implementation. Tools include environmental screening and strategic environmental assessment (SEA) for policies and strategies requiring ministerial approval. These require sign-off by GAC staff and GAC-appointed environmental specialists before projects can proceed, ensuring that environmental issues cannot be ignored.

Source: (IIED, 2019[9]), *DAC Peer Learning on Mainstreaming Environment: Visit to Sweden, 21-25 January 2019;* (IIED, 2019[7]), *DAC Peer Learning on Mainstreaming Environment: Visit to Canada, 1-5 April 2019*.

Integrating multiple goals

It can be useful to consider mainstreaming as a methodology for integrating multiple cross-cutting goals, and not simply as a one-way, single-issue campaign. The EC, EIB and Sida, for example, all have approaches to mainstreaming multiple issues, embracing gender, human rights and the environment (Box 3.6). The SDGs, whole-of-government approaches to development, and other holistic frameworks on the one hand, and DAC members' development of results-based management on the other, provide imperatives and opportunities to pull these different mainstreaming dimensions together (although there may be organisational challenges in doing so).[6]

- From a DAC member perspective, a highly integrated approach encourages greater team working and interdisciplinarity. It creates an enabling context for staff to open up to environment issues, probably more so than if environment was mainstreamed on its own. It should help staff to be in a stronger position to respond to future multi-faceted policy drivers such as the SDGs and the green economy. The multiple perspectives can also help those working on dedicated environment projects to integrate the most relevant aspects of, for example, gender, rights and conflict into their environment work. This can improve the robustness of work on environmental problems: for example, specific environment challenges that involve women may turn out to be better addressed as a gender intervention than an environmental one on its own.
- From a country partner perspective, integrated multiple mainstreaming may often more closely mirror the situation on the ground than a siloed sector approach. Local people often more strongly feel environmental, gender or conflict realities than they do sector problems in say infrastructure or agriculture. This more joined-up, strategic approach can also reduce mainstreaming fatigue, as long as it avoids inefficient attempts to deal with everything.

Box 3.6. Good practice in integrating multiple issues

Triggered by the EC's gender and rights policy focal points, all EC staff involved in mainstreaming are beginning to explore the potential of a systems approach integrating gender, rights and environment in a joined up, coherent way.

Sida's work on environmental mainstreaming is not undertaken in isolation – it mainstreams several cross-cutting issues together. Responding to Sweden's Policy for Global Development, Sida prioritises five perspectives to be integrated into its work: environment/climate, poor people's perspective, gender, human rights, and conflict. Each of these perspectives at the policy level are assessed at the diagnostic level using Sida's multi-dimensional poverty analysis (MDPA) (Sida, 2017[14]), and are co-ordinated by a Policy Support Unit with staff responsible for each of the five perspectives.

The purpose of the MDPA is to contribute to a shared and deeper understanding of multidimensional poverty, better knowledge about how Sida's operations affect people living in poverty and better operational decisions that reflect the perspective of people living in poverty.

The MDPA identifies four dimensions of poverty: resources; opportunities and choice; power and voice; and human security. In analysing each of these, a consideration of the environmental context is required.

Source: (IIED, 2018[6]), *DAC Peer Learning on Mainstreaming Environment: Visit to the European Commission and European Investment Bank, 24-28 September*; (IIED, 2019[9]), *DAC Peer Learning on Mainstreaming Environment: Visit to Sweden, 21-25 January 2019.*

Starting mainstreaming early

Starting mainstreaming early, and envisioning its outcomes, can exploit more opportunities, whereas leaving it late makes it appear as a constraint to development. Peers felt that exploring and discussing environment potentials and risks earlier in the programming cycle were much more engaging to staff, opening up opportunities to consider potential outcomes of mainstreaming and to be innovative. Many colleagues in country offices and embassies in particular expressed this view. In contrast, if environmental concerns are left until relatively late in planning, while the potential environmental problems may be clearer by this stage, mainstreaming can come across as an obstacle to ideas that have already been developed, or at least as a bureaucratic hurdle.

However, for many DAC members, mainstreaming has concentrated principally on the planning and design stages of the policy and project cycle, with mainstreaming in actual implementation relatively neglected. Mainstreaming in implementation requires many actors to improve their environmental awareness, capacity, production, purchasing and consumption behaviour. This will take significant time and sometimes resources. Canada has been taking pioneering steps to focus on these latter stages of the project cycle (Box 3.7).

Box 3.7. Good practice in mainstreaming during project implementation

Under Canada's Environment Integration Process (EIP), environmental clauses are required in all contracts, agreements and arrangements for development assistance initiatives (including pre-negotiated grant arrangement templates). These require environmental deliverables or follow-up measures to be undertaken by the consultant/organisation after approval, in order to ensure compliance with Global Affairs Canada's (GAC) environmental policy and legal obligations. Typical environmental deliverables are environmental management plans, environmental site assessments, class-screening environmental assessment[7] and further environmental analysis. Often these are included in contribution agreements (which specify activities, and what GAC provides and expects). Typical follow-up measures include reviews of project documents such as the Project Implementation Plan, annual workplans and progress reports, partner visits, project/programme evaluations, and due diligence assessments.

Source: (Global Affairs Canada, 2019[15]), *Briefing Note: DAC-OECD Peer Learning Exercise on Mainstreaming Environment, March 2019*.

Capacity and continuous skill development

Prioritising interdisciplinary skills

Interdisciplinary skills and holistic perspectives help staff to manage a diversity of cross-cutting issues – including environment. A mainstreamed world is a more integrated, interdisciplinary and participatory world. It demands people with the skills to listen and empathise; to understand, solicit and work with different disciplines; to build trust; and to drive institutional reform. But it is also a dynamic world – where policy priorities and technological possibilities often change rapidly, and the confluence of social, economic and environmental tipping points is an increasing risk. It is not a question of one-off mainstreaming, but of continuous effort so that environment is always part of the evolving agenda. In the development co-operation context, continuous skill development for all staff is therefore important, as Sida has experienced (Box 3.8). A good way to do this efficiently is through tailor-made modules that link to existing training such as for new staff or staff to be deployed overseas. For environment staff, peers particularly noted the need for improved capacity on economy-environment links and on the environmental issues arising from the general increase in public-private blended finance.

Box 3.8. Good practice in continual training

Sida makes significant efforts to train all staff in handling environment and climate issues. From 2016 to 2018, 33 training sessions were held at the embassies and in the operational departments at headquarters, mostly with support and participation from Sida's Environment and Climate Helpdesk (see Box 3.10). The scope of the training has evolved from being focused on "What and why – environmental integration?" to "How – environmental integration?" The training is said to have shaped a common understanding among staff in Sida departments, units and embassies of the diverse and context-specific challenges in relation to environment. The training is felt to be more effective when it focuses on specific themes, including links with other cross-cutting issues and notably gender, and when it includes partners. Sida's ongoing human resource planning exercise has started to look more closely at future skills needs for environmental mainstreaming, and at the gaps in Sida's capacity and culture.

Source: (IIED, 2019[9]), *DAC Peer Learning on Mainstreaming Environment: Visit to Sweden, 21-25 January 2019.*

Installing networks of practice

An internal environment/climate network or community of practice can stimulate learning and catalyse the collective responsibility needed for mainstreaming within the development co-operation agency. Sida again offers useful lessons here (Box 3.9). Without this, there is often too much reliance on individual mainstreaming champions, which does not always ensure consistency for partners, and the range of skills and opportunities across the agency can be overlooked. The need for development co-operation agencies to engage with external environment/climate networks was also noted, both in-country or globally – notably the DAC's ENVIRONET and the Poverty Environment Partnership.[8]

Box 3.9. Good practice in using environment networks

Sida's environment and climate network builds a virtual community of practice of about 90 people across Sida (nearly 15% of Sida staff). It includes sub-networks on water and sanitation, agriculture and energy. Meeting regularly, it is one of several thematic networks that have become part of Sida's institutional landscape, and to which Sida management encourage staff contributions. The networks act as tools for learning and exchange across Sida units and departments, and help internal co-operation for improving the implementation of Sida's financial and technical support.

Source: (IIED, 2019[9]), *DAC Peer Learning on Mainstreaming Environment: Visit to Sweden, 21-25 January 2019.*

Maintaining expert capacity

An environment/climate helpdesk or facility can be an efficient way to maintain expert capacity and to organise, make available and provide an overview of the range of environmental knowledge, instructions, guides and tools. This can be either full-time and in-house, as in the EC, or part-time using draw-down external specialists, as in Sida (Box 3.10). Both models can work well, depending on the organisation's structure and budget. One issue that requires consideration is the extent to which the facility should be proactive in driving environment mainstreaming (as is the EC's), or reactive and driven by the demands of agency staff.

Box 3.10. Good practice in complementing limited technical staff capacity

The European Commission (EC) has recruited an external provider to run an environment/climate mainstreaming facility with three full-time equivalent consultancy staff largely based in-house. Together with the responsible services they support mainstreaming through awareness raising, technical assistance, assessment of proposals and plans, training of EC staff, tracking of financial commitments to the Rio convention objectives, and preparation of guidance materials. The role both responds to demand and is proactive in ensuring environment, climate and mainstreaming policies are implemented.

Sida's Environment and Climate Helpdesk was initiated in 2009 by merging two existing helpdesks, for environmental economics and for environmental assessment. Call-down contracts with 13 staff in two leading Swedish universities offer access to a high standard of expertise, practical knowledge and academic research. The helpdesk is contracted through a central budget and has adequate resources to support Sida staff and partners on-demand.

Source (IIED, 2018[6]), *DAC Peer Learning on Mainstreaming Environment: Visit to the European Commission and European Investment Bank, 24-28 September*; (IIED, 2019[9]), *DAC Peer Learning on Mainstreaming Environment: Visit to Sweden, 21-25 January 2019*.

Shared knowledge, learning and engagement

Building an evidence base

Understanding what works for integrating environment, what does not, and under what conditions, requires good analysis. However, peers felt that available evidence is too often restricted to isolated projects, and there is little exploration of the impacts of environment mainstreaming over time, and across different types of countries and themes. There is an appetite to do more to bring together material on environment mainstreaming practice, building on this DAC peer-learning exercise.

To date for most DAC members monitoring and evaluation of environment mainstreaming is limited to some tracking of the integration of environment and/or other Rio Convention objectives in financial commitment (Box 3.11). The indicator with most visibility is how much money is being spent on different environmental issues (and notably climate). Many DAC members use the Creditor Reporting System (CRS) policy markers on environment and on the Rio Conventions (Box 3.4) – both as input indicators for mainstreaming and as output indicators from mainstreaming. While detailed DAC guidance has been developed for the Rio Markers, similar guidance is not available for the environment marker. This is a potential area for collaboration, to which we turn in Chapter 4. Peers felt that, in general, there needs to be a more structured approach to planning, assessing and monitoring mainstreaming, with more precise targets so that progress can be tracked and challenges and opportunities identified.

Box 3.11. Good practice in the strategic use of the Rio Markers

Sida's Statistical Handbook[9] offers instructions for classifying contributions against the DAC CRS environment marker. This includes the use of environmental assessment, active use of environmental information, setting specific environmental objectives and activities, and monitoring them. Sida also has an Environmental Action Plan (EAP 2017-20) that sets environmental expenditure targets – describing what should be achieved, when and by whom. It includes quantitative financial targets and calls for annual reports using Rio Marker data, as noted in Box 3.3.

Source: (IIED, 2019[9]), *DAC Peer Learning on Mainstreaming Environment: Visit to Sweden, 21-25 January 2019*.

Promoting organisational learning

Organisational learning about how the environment matters in the institution's work can drive real improvements in mainstreaming. *How* an organisation learns about environment in its work (and not just *what* it learns) can reinforce mainstreaming strategies and build the confidence to implement them. Learning opportunities like the EC's annual environment weeks, seminars and case studies have helped, but DAC members could benefit from more deliberate, strategic (and potentially collective) knowledge management. The aim would be to connect and inform a community of practice of both specialist environment professionals and non-specialists across the organisation and build in useful feedback loops so that their work feeds learning.

Engaging civil society

Engaging civil society in policy dialogue and learning in partner countries and at headquarters can stimulate social demand for environment integration – and tap into real-world local perspectives. Most DAC members provide finance to civil society organisations and have some interaction with civil society representatives both domestically and in developing countries. The peer learning suggested that this was important for better understanding the political economy of environment, especially given the importance of some social movements, such as the recent engagement by youth on climate change. However, it was noted there is scope for further interaction, notably in country policy dialogue around pressing environmental issues and/or regular policy and planning review processes.

Well-supported country systems

Building commitment and capacity

Environment mainstreaming depends critically on country partner commitment, priorities and capacity; it should be less about outside agencies promoting mainstreaming and more about responding to demand from country actors. Mainstreaming needs to be driven by specific and high-profile environment/climate priorities relevant to the country's development, e.g. supporting growth, jobs and security, and not diffused across a broad range of potential issues. A good starting point is including environment in policy dialogue between country delegations/embassies and partner countries, reinforced by identifying the country's own demands for the environment. Linking up with nationally owned holistic processes can offer good opportunities for this: such as countries' Nationally Determined Contributions to the United Nations Framework Convention on Climate Change – which outline their domestic plans and priorities on climate change – their SDG planning, and their dialogue with civil society organisations.

Capacity support for environmental integration is particularly needed among country partners and should be at the heart of mainstreaming. This is more than simply a question of capacity to implement donor projects effectively. As peers' discussions with embassy staff revealed, it relates to the capacity of country systems to integrate environment with poverty reduction. Most peers felt that more attention is needed to assess and build partners' capacities for mainstreaming; Sida, for example, has started putting more effort into this, with many of the embassy training programmes including partner organisations.

Capacity building and policy dialogue must also move beyond ministries of environment to ministries of finance, planning, and key line ministries and agencies, such as agriculture, energy, and local government. This will ensure that mainstreaming achieves its objective of putting environment and climate at the centre of economic and political decision making. Peers highlighted the UNDP/UN Environment Poverty Environment Action for the SDGs programme (PEAS, successor to the pioneering Poverty Environment Initiative) as a strong example for reaching key government actors,[10] as well as the EU Global Climate Change Alliance (GCCA) and the Green Economy Coalition. These are all supported by the EC (Box 3.12).

Box 3.12. Good practice in patient, strategic mainstreaming support to country partners

The EC has been a pioneering and patient supporter of four programmes for in-country mainstreaming:

- The UNDP-UN Environment Poverty Environment Initiative (PEI) and its follow-up Poverty Environment Action for the SDGs (PEAS):[11] PEAS focuses on mainstreaming improved natural resource management within ministries of finance and ministries of planning across Africa and Asia.
- The Global Climate Change Alliance Plus initiative[12] (GCCA+) works worldwide on mainstreaming climate resilience within multiple ministries.
- The Green Economy Coalition (GEC)[13] engages civil society partners in seven countries on their priority issues for mainstreaming environment and inclusion in economic development.
- The Switch to Green initiative[14] focuses on economic policy and business opportunities from the transition to a green economy.

All four EC-supported programmes have been running for over a decade and have in-country presence to engage in the labour-intensive practice of day-to-day mainstreaming by public and private stakeholders. The results of these programmes include strengthened capacity in-country, institutional reform, increased finance flows, greater social demand and support, and – with time – changes in environment and climate outcomes. There is potential for the EC to increase the strategic links among these four different but complementary programmes, which would enable them to be even more effective catalysts for change.

Source: (IIED, 2018[6]), *DAC Peer Learning on Mainstreaming Environment: Visit to the European Commission and European Investment Bank, 24-28 September*.

Making the economic case and engaging the private sector

Mainstreaming in-country is more likely to be effective if there is a specific, and economically well-argued case for priority environment issues. Mainstreaming fatigue can be brought about when countries are required to address the full suite of environmental issues, rather than focusing on a more targeted set of politically or economically higher profile environmental challenges. While tools like environmental impact assessment (EIA), SEA and climate assessments can be useful, tools that demonstrate the economic links with environment can often (but not always) be more convincing. These economic tools include environmental economic valuation and national accounts; studies of the links between environment,

poverty reduction, gender and growth; public environmental expenditure reviews; and reviews of fiscal revenues that environmental subsidy and tax reforms can generate.

Mainstreaming in-country also needs to engage with the key private sector actors who will lead the transition to an inclusive, green economy – both the larger firms and the small and medium-sized enterprises (SMEs) in the informal sector who make up the backbone of most developing country economies. They may already be tapping into the new opportunities offered by an inclusive, green economy such as off-grid renewables and organic agriculture, but informal private sector actors in particular may lack access to credit, tenure, technology and skills. There is a need to mainstream green business thinking into general SME development in partner countries. This is likely to receive renewed attention with many DAC members turning towards blended finance and private sector development. But, in doing so, it is important to keep the focus on the green economy transition and to keep the needs of SMEs and the informal sector front and centre.

Disseminating effective and relevant tools

Many guides and tools are available for mainstreaming, but they need to be assessed for their relevance to country contexts, and their suitability to users and their demands. As well as the economics techniques above, and well-established environmental assessment tools like EIA and SEA, innovative approaches include sustainable value chain analysis, biodiversity risk management, multi-dimensional poverty assessment, and multi-risk mapping. DAC members are in a good position to assess user needs and outcomes, and to disseminate effective tools in partner countries through a communication strategy involving multimedia, especially visual materials such as videos.

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Notes

[1] See https://www.iisd.org/pdf/2008/meas_cons_conf_virunga.pdf

[2] See https://ec.europa.eu/environment/circular-economy/

[3] This has been recognised with the United Kingdom government's commissioning in 2019 of Sir Partha Dasgupta to write a report on the Economics of Biodiversity to complement the Stern Report on the Economics of Climate Change.

[4] For information about the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, see https://www.ipbes.net/

[5] Environmental fragility is one of five dimensions considered in the OECD's fragility framework. It aims to capture the vulnerability to environmental, climactic and health risks to citizens' lives and livelihoods. This includes exposure to natural disasters, pollution and disease epidemics (OECD, 2018[13]).

[6] The forthcoming OECD report Climate Change Mitigation through a Well-Being Lens looks at how governments might achieve two-way alignment between climate action and broader goals of well-being and sustainable development, to both ensure that climate action meets other important societal goals and does not negatively impact on key dimensions of well-being, and that action in non-climate policy is supportive of and does not undermine the pursuit of climate change mitigation goals.

[7] Class screening in the Canadian Environmental Assessment Act is a special type of screening that can help streamline the environmental assessment of projects that are not likely to cause significant adverse environmental effects. See https://www.ceaa-acee.gc.ca/default.asp?lang=En&n=0DF82AA5-1&offset=3&toc=hide#p2-1

[8] The Poverty-Environment Partnership (PEP) is an informal network of bilateral and multilateral development agencies, UN organisations and international NGOs. The PEP seeks to integrate poverty reduction, environmental sustainability and climate resilience in global, national and local development agendas. For more information see http://www.povertyenvironment.net/partnership

[9] Available on https://openaid.se

[10] Poverty and Environment Initiative (PEI) lessons were shared in the second Paris workshop by UNDP, UNEP and a PEI partner country, Mozambique.

[11] See https://www.unenvironment.org/regions/asia-and-pacific/regional-initiatives/poverty-environment-action-sustainable-development

[12] See www.gcca.eu

[13] See https://www.greeneconomycoalition.org

[14] See https://www.switchtogreen.eu

4 Moving forward: suggestions for the OECD DAC

This chapter concludes the results of the peer-learning exercise and outlines seven areas in which the OECD's Development Assistance Committee and its Network on Environment and Development Co-operation might collaborate in future. It notes the fast-changing context for environment mainstreaming and the importance of mainstreaming practices evolving over time so as to improve the quality of development co-operation.

In conclusion, the peers learned that environment mainstreaming has evolved considerably over time, the context is changing fast, and mainstreaming practices will need to respond to be fit for the future. While environment mainstreaming has improved the quality of development, it needs to be treated as a highly dynamic and continuing concern. Environment mainstreaming is not a one-off task that can be ignored once environmental issues are reflected in the words of policies and plans. Environmental pressures, scientific knowledge, technology and markets change fast, and so do the goals of developing countries and the mechanisms of development co-operation. There is much to do to improve understanding, behaviour and investment concerning the environment in many sectors – and especially to ensure that the environment is considered during implementation and not only at the planning stage. The peers concluded that all five building blocks of effective mainstreaming outlined in the previous chapter are necessary, and they share ambitions to invest in these areas of learning.

The three peer visits and the Paris workshops revealed striking common ground among DAC members in the lessons and challenges of environment mainstreaming. At each event there was strong interest in continuing to share and learn together, and several collaboration needs and opportunities were noted:[1]

1. Developing peer review guidance: this report should be made available to DAC peer review teams as informal guidance on how to approach issues of environment mainstreaming. The six-part analytical framework in particular was found to be a robust way to explore the issues (Box 2.2). and the emerging lessons recorded in this report are a step towards an approach for environment mainstreaming. Following pilots, formal peer review guidance could be developed.
2. Continuing informal peer learning among DAC members: those who took part in this peer-learning exercise, as well as many other DAC members who did not, have expressed interest in continuing a programme of peer learning visits. The learning approach was thought to be a good way for the DAC to get to grips with the fast-changing dynamics of environment, development and holistic policy concepts.
3. Sharing and harmonising environment mainstreaming tools, materials and facilities: many DAC members noted the potential advantages of pooling their documentation on tools and procedures, as well as proven communications products, training and support facilities. This was particularly welcomed by some smaller agencies who do not have the time to develop, test and disseminate their own approaches. It was also suggested that this sharing might help to improve and harmonise best practice, and to reduce duplication and confusion among developing country authorities. Bilateral arrangements for sharing were encouraged, and the possibility of ENVIRONET playing a facilitating role noted.
4. Improving engagement with country stakeholders: the scope for DAC members to collaborate in partner countries was frequently highlighted. Opportunities that could be explored include joint policy dialogue with country partners; joint capacity assessment and support of national partners; and joint (or sharing of) EIAs, SEAs and monitoring of environment mainstreaming.
5. Enhancing coherence and effectiveness of multilateral partners' approaches to the environment: peers also noted the need and opportunity for DAC members to jointly challenge United Nations organisations, multilateral development banks and financial institutions to develop, apply and improve mainstreaming systems and tools. This is needed across their development co-operation portfolio, for example ensuring that humanitarian responses take account of environmental impacts and opportunities, as well as throughout the programme cycle from planning to evaluation. Members may also wish to consider joint assessment of proposals put before boards of multilateral development banks and financial institutions.
6. Filling thematic gaps in mainstreaming: in the learning process, it became evident that some environment themes are worthy of joint exploration as they are either not well addressed at present, or there will be greater demands in future: these include natural capital approaches, environment in humanitarian aid, biodiversity and pollution.

7. Improving systems: the learning process pointed to mainstreaming system issues that warrant joint exploration in future. These include guidelines for assessing environment integration when tracking financial commitments, and ensuring the environment is considered in blended finance initiatives. Particular emphasis was given to monitoring and evaluation, and prioritisation:
    a. Monitoring and evaluation: Few data are available on the environmental contributions and impacts of development assistance, especially at portfolio level (country, sector or thematic programmes). There is a need for more systematic evidence to answer the questions: 'what does success in environment mainstreaming look like?', 'how successful have we been?' and 'how does success or failure correlate with particular development policies, plans, finance vehicles, implementation, or paradigms?'
    b. Environment policy marker: DAC members monitor the extent of mainstreaming using the data they report to the Creditor Reporting System. ENVIRONET could review the definitions and eligibility criteria for the environment policy marker and develop further guidance for marking.
    c. Prioritisation: There is scope, too, for joint work on the challenge of prioritising among environment issues – how to shift from the potentially paralysing imposition of the full "A-Z" of the environment to deciding priorities in a way that can be energising, efficient and effective. This would likely bring together a range of criteria and tools to assess priorities, notably improved economic assessment of environmental issues.

Note

[1] It was also felt that these suggestions could have more general interest beyond the various OECD bodies – there are increasing numbers of institutions and professionals engaged in linking environment, climate and development.

Annex A. Visit to the European Union Institutions: 24-28 September 2018

Background

The OECD has undertaken a peer-learning exercise on environment mainstreaming to support OECD members who face challenges in this critical dimension of development co-operation. The key areas for learning were: how and why environment issues (including biodiversity, climate adaptation and mitigation, and pollution) are integrated across programmes; what has worked and why; what challenges remain and are emerging; and how these challenges can best be addressed.

This peer-learning exercise involved consultation with Development Assistance Committee (DAC) members, three country visits by peers, and independent facilitation by the International Institute of Environment and Development (IIED). It began with a survey of mainstreaming progress and challenges among members of the DAC Network on Environment and Development Co-operation (ENVIRONET) in February 2018. This informed an inception workshop that was conducted in May 2018 to allow ENVIRONET members to share their experiences, and resulted in an analytical framework prepared by facilitators from IIED. That framework guides peer-learning visits.

The first peer-learning visit was of the European Union (EU) institutions (the European Commission and the European Investment Bank) in Brussels, from 24-28 September 2018. The peers involved in the visit were from Spain, Sweden and the United Kingdom. A DAC learning workshop in October 2018 reviewed the findings of the EU visit and drew out generic lessons with DAC members. This annex shares the lessons that emerged from that visit. Peer visits also occurred in Sweden in January 2019 and Canada in April 2019 (summarised in Annexes B and C respectively).

The peer-learning exercise of the EU was highly successful, energising the peers and revealing lessons that could be of wider value to OECD members as well as the EC and EIB. It is expected that the final results may inform future formal OECD peer reviews, which are carried out regularly of OECD members, and provide a basis for sharing among ENVIRONET members interested in enhancing their mainstreaming of environment and climate change.

Lessons on mandate and intentions

- A strong legal and policy framework that includes environment and climate within the organisational mandate opens the door wide to serious mainstreaming opportunities. Both the EC and EIB benefit from such a framework.
- Broader political dynamics – both within the organisation (as with the EC's focus on investments, jobs, growth, migration and security) and within partner developing countries (where jobs and growth are common priorities) – are important for focusing mainstreaming strategy. They can shift mainstreaming away from an overly comprehensive and technical environment agenda to one that focuses on specific environment issues that really matter.

- Financial targets or expenditure commitments for the environment, as in the EC and EIB, can create a clear and simple incentive to mainstream environment or climate, which are otherwise seen as complex and/or vague. But financial targets alone may lead to too narrowly-focused action.
- Combining environment with climate mainstreaming (as in the EC) is valuable, using the political priority of climate change to integrate marginalised environment issues – such as biodiversity, where the case and demand for mainstreaming tend to be weak and need support: here, the EC has adopted the Hyderabad target of doubling biodiversity finance.

Lessons on leadership, people and capacities

- Investing in technical environment and climate expertise and in mainstreaming expertise is essential. The issues are highly diverse and often technical in nature. Interdisciplinary skills and holistic perspectives are just as important: investing in these helps all staff to mainstream an increasing diversity of issues – including environment.
- Although driven by policy and legal commitments, in practice environment and climate mainstreaming often depends on diverse individual interests, motivations and values. This is notably the case in the EU. While personal motivation is valuable, it cannot be relied on to ensure optimum strategic and consistent mainstreaming.
- Building a wider environment/climate network or community of practice across the organisation is a useful strategy. Focal points across the institution can be a useful way to improve access to environment capacity, and to act as catalysts for the necessary collective responsibility for mainstreaming. This community should seek, encourage and mobilise environmental leadership from many quarters, both 'supply-side', i.e. environment specialists, as well as 'demand-side' and notably senior figures behind relevant 'mainstream' priorities.

Lessons on project cycle and tools

- Mainstreaming could usefully be thought of as a "methodology to achieve multiple goals", deploying processes applicable to any cross-cutting issue that needs to be integrated. The EC and the EIB are developing this approach based on experience with gender and human rights.
- While environmental and climate change mainstreaming adds value to all sectors, it is more readily adopted by some sectors, such as agriculture and energy, that recognise their environmental dependence and/or impact. Mainstreaming in important 'tougher' sectors has required much more effort to 'make the specific case' for environment or climate – and the EC has been able to demonstrate successful mainstreaming in, for example, water and budget support.
- Evidence is particularly needed of the economic contribution of the environment to in-country development, and associated economic risks, but too often this is missing. Indeed, the 'environmental information' that is often needed by decision makers is economic information on the environment.
- Too often, mainstreaming efforts tend to be concentrated early in the operational cycle, yet achieving effective outcomes also requires mainstreaming in the business of implementation – which involves changing the mindsets and practices of stakeholders in, for example, construction and farming. More evidence is required of what outcomes and impacts have actually been achieved.
- Mainstreaming is less about 'supply-push' of environmental information and principles and more about country 'demand-pull' about environmental potentials and risks: it depends on country partner commitment, priorities and capacity. Some unexpected successes have been achieved by

the EC in mainstreaming in budget support: the processes of budget support can support 'upstream' policy dialogue and lead to decisions that work better for environment and climate.

- A central technical assistance facility, such as the one maintained by the EC, can accelerate and broaden mainstreaming. But its role needs to be catalytic and forward-looking if it is to build collective responsibility and not undermine it. It can certainly help to organise the range of instructions, guides and tools. Their regular assessment, revision and harmonisation (as done by the EC in 2009, 2012 and 2016) helps promote more systematic and streamlined mainstreaming.

Lessons on knowledge, learning and innovation

- 'Mainstreaming fatigue' is a common complaint, and not only in the EC. In spite of efforts to establish interdisciplinary links, it still reflects a tendency to work in silos, rather than a reaction to repeated messages about the obligation to mainstream. The EC is aware of this, and of the need to address underlying structural issues – putting in place interdisciplinary approaches and strategies for achieving collective responsibility for environment/climate, as above. The longer-term, political and economic aspects of environment and climate need close attention, since prevailing short-term, technical and/or financial procedures tend to ignore these.
- Organisational learning about how environment matters to the institution's work, and about what activities lead to successful environmental outcomes, can drive real improvements in mainstreaming. It is hoped that the current DAC peer-learning exercise is an opportunity to further strengthen organisational learning in the EC and EIB, and that the addition of learning from Sweden and Canada will produce rich learning for OECD members.

Where next?

For the EC, peer learning on mainstreaming comes at an opportune time, with a new programming cycle beginning. The EC has decades of experience of environment mainstreaming to learn from. But its approaches are evolving from an emphasis on grants and budget support, including large headquarters-managed thematic programmes (including on environment and natural resources), towards even more significant budgets at the regional and national level ('geographising') and a greater use of EU funds to leverage instruments. This increase in investment involves financial blending and is a change being experienced by many other DAC members; it highlights the relevance of the European Investment Bank's (EIB) experience of mainstreaming environment and climate in diverse financial vehicles.

Annex B. Visit to Sweden: 21-25 January 2019

Background

The OECD has undertaken a peer-learning exercise on environment mainstreaming to support OECD members who face challenges in this critical dimension of development co-operation. The key areas for learning were: how and why environment issues (including biodiversity, climate adaptation and mitigation, and pollution) are integrated across programmes; what has worked and why; what challenges remain and are emerging; and how these challenges can best be addressed.

This peer-learning exercise involved consultation with Development Assistance Committee (DAC) members, three country visits by peers, and independent facilitation by the International Institute of Environment and Development (IIED). It began with a survey of mainstreaming progress and challenges among members of the DAC Network on Environment and Development Co-operation (ENVIRONET) in February 2018. This informed an inception workshop that was conducted in May 2018 to allow ENVIRONET members to share their experiences, and resulted in an analytical framework prepared by facilitators from IIED. That framework guides the peer-learning visits.

The first peer-learning visit was of the European Union (EU) institutions (the European Commission and the European Investment Bank) in Brussels, from 24-28 September 2018 (see Annex A). Peer visits also occurred in Sweden in January 2019 and Canada in April 2019 (Annex C). This report shares impressions, challenges, lessons and ideas that were identified and discussed in the peer-learning visit to Sweden, from 21-25 January 2019, by a team comprising the EC, United Kingdom, Switzerland and Canada, facilitated by the OECD's Development Co-operation Directorate (DCD) and IIED. Following a further reflection at ENVIRONET in late April 2019, a final report will be drafted by IIED in May 2019 and presented to the DAC. It is expected that the results may inform future formal DAC peer reviews, which are carried out regularly of DAC members, as well as providing a basis for sharing among ENVIRONET members interested in enhancing their mainstreaming of environment and climate change.

The peer-learning exercise was successful, energising the peers and revealing lessons that could be of wider value to DAC members as well as to Swedish agencies. The peers were very grateful to Swedish colleagues for the opportunity and the excellent organisation. Their overall impressions of the Swedish International Development Cooperation Agency's (Sida) effectiveness and challenges, as well as lessons of wider applicability and suggestions on meeting these challenges, are summarised below.

Effectiveness in environment and climate mainstreaming

Over at least three decades Sida has evolved a comprehensive framework for environment action, which emphasises integration of environment and climate in all forms of development and humanitarian action. The framework includes a legally-mandated Environmental Management System, an Environmental Policy (2017), an Environment Action Plan (2017-2020) with quantitative targets for environment and climate integration, a Multi-Dimensional Poverty Analysis framework and a 'green toolbox' including concise and incisive guidance (much of which is available to partners on Sida's website), a system of regular

environmental reporting and annual environmental audits. It is supported by skilled environment and climate advisors placed strategically across the organisation. In addition, a wider Sida Environment and Climate Network, a co-ordinating 'hub' mechanism that links environment leads across the organisation, and a responsive Environment and Climate Helpdesk engage other players in Sida. This has enabled Sida to integrate environment in its three major roles as financier, analyst and dialogue partner.

These initiatives have been supported by consistent leadership and commitment from the highest levels of government. In line with a cross-government Swedish policy on global development, programmatic directions have been broadly coherent with other government departments. In pursuit of its core mandate of poverty reduction, Sida works closely with the Ministry for Foreign Affairs (which has a normative role) and embassies (which have in-country strategic roles). However, Sida has a good degree of flexibility to interpret how development co-operation will proceed in each case. Importantly for environment and climate, on which people living in poverty are particularly dependent, Sida is also well respected for collaborative working with civil society organisations.

The peers observed a high level of environmental consciousness among staff throughout the organisation. They are open to, and curious about, environmental issues and committed to doing something about them. Indeed, there were many individual environmental champions who promote environment in different departments and embassies. There is also a very significant portfolio of programmes and projects with an environment focus, which have good potential to inform Sida's case-making and activities in support of environmental integration.

At the same time, Sida also has a progressive perspective on 'mainstreaming' several other important cross-cutting issues. Indeed, Sida is well-known for its work on these, notably gender integration. Sida requires five 'perspectives' to be assessed in all activities, one of which is environment and climate. This means that not only are environment and climate usually well considered in developing activities in many sectors, but (in a reciprocal manner) environment-focused projects may also be conceived in ways which are supportive of gender, rights and other 'mainstreaming' concerns.

Challenges in environment and climate mainstreaming

Sida's achievements are impressive and place it in a promising position for the future. But there is more to do to ensure the elements of Sida's environment integration framework work more effectively in more instances. Most of these challenges were familiar to peers, as most DAC members face them:

- Environmental integration still depends too much on individual environment experts and 'champions', rather than on collective institutional responsibility.
- In practice, it concentrates more on the assessment and planning stages than the whole 'messy' business of implementation, and is not routinely included in monitoring and reporting.
- While there is interest in learning about environmental integration, and acknowledgement that adaptive approaches are needed, this learning is not systematised and regular within Sida – and is lacking at the portfolio level (i.e. across different kinds of projects).
- In addition to learning not being systematised, much of the environment knowledge management is outsourced to the Helpdesk, and so it does not routinely inform policy and practice reviews. The Helpdesk tends to have more engagement from environmental experts and champions than other staff. It lacks a proactive mandate to promote, nurture, mentor and critique environment actors and actions.
- There is not yet a focus on environmental integration in country policy dialogue processes held by Sida and embassies in developing countries, or in country capacity assessment and support.
- In spite of political and policy priorities to integrate environment and climate, between 2010 and 2016 there was a declining trend in integration. Recent system improvements have begun to

reverse this trend, but staff still lack time and resources: some feel a sense of inadequacy to meet many organisational demands and or/suffer 'mainstreaming fatigue'.

- The policy that staff should spend 10% of their time working in a theme hub (such as the Environment and Climate Hub) also needs resourcing – but would have many benefits.

Lessons from Sweden's experience of environment and climate mainstreaming

Nine broad lessons emerged from the peers' engagement with Sida that have wider applicability across DAC members:

1. Strong institutional foundations – constitutional mandate, vision, policy framework, and management systems – are critical to enable the consistent promotion and integration of environment in development co-operation, both within the agency and with its partners. They need to be well-communicated.
2. A robust and diverse set of tools and mechanisms is needed to drive environmental integration throughout the activity cycle. They should be part of the core institutional machinery, helping to identify environment and climate priorities, and actively updated and streamlined to meet user needs and desired outcomes.
3. The specific outcomes and benefits of environmental mainstreaming – intended and actual – need to be clear and increasingly visible in each case; only then will staff be motivated to act, feeling less 'mainstreaming fatigue' but instead ready to pursue environment priorities.
4. A focus on implementation is needed – environmental integration tends to concentrate on assessment and planning stages, but needs to extend across the activity cycle; this can reveal a wide range of 'mainstream' stakeholders who should be engaged.
5. Humanitarian support has a special, and as yet often unrealised, potential to integrate environmental issues – and thus ensure sustainable outcomes where people's dependence on environmental assets and vulnerability to environmental risk is high.
6. Environmental expertise across the organisation and well-networked outside it, enabled by good leadership and supported by 'champions', can drive staff environmental attitudes and competences. However, it is not a substitute for collective institutional responsibility for environment, which is essential but tough to achieve.
7. Investing in capacity for integrating environment is critical and much can be achieved through training in interdisciplinary skills; attention must be given to partner countries' and agencies' capacity as well as those of development co-operation agencies.
8. Monitoring and learning systems need attention – environmental integration is necessarily an adaptive approach, yet it too often lacks extensive feedback and well-organised learning about progress and results.
9. Dialogue and engagement are drivers of the mainstreaming process – from the outset in opening up issues with partners, through to discussing results and raising ambitions; civil society is important to mobilise social demand, as well as decision makers.

Peer suggestions for consideration by Sweden and DAC members

Discussions during the peer visit raised several ideas to pursue. Many of these are noted throughout the report. There was particular discussion of working with DAC members jointly on some of them:

- Influencing international players: Sweden is well-respected internationally as a pioneer in sustainable development. As a credible and transparent partner, it is well-placed to challenge and

support international partners to raise their environment ambitions: notably multilateral organisations, the EU and Member States.

- Enhancing country policy dialogue: more can be done to integrate environment and climate through (a) highlighting politically hot opportunities like green/circular economy and green enterprise; (b) influencing regular core policy and planning processes such as national planning; and/or (c) promoting stronger co-ordination and coherence among DAC members.
- Sharing and joint work to further strengthen elements of its environmental integration frameworks: Sida would benefit from working with other ENVIRONET members on:
  - priority-setting guidance – in part to reduce 'fatigue' from the perceived need to tackle the full 'A to Z' of environment and climate issues
  - environment and climate integration in humanitarian work
  - green office management and its influence on development work
  - hub and network structure and functioning, and linking with wider/regional networks
  - understanding how environment integration happens in key sector implementation (perhaps in sectors like energy, agriculture and health)
  - ways to analyse and promote the economic, social and environmental benefits of mainstreaming, and sharing 'case' materials
  - improving interdisciplinary tools and skills in staff and partner capacity development
  - learning and knowledge management – 'catalogues' of what works
  - sharing country assessments such as strategic environmental assessments and capacity assessments
  - country capacity development in environment and climate integration.
- Paradigm shifts to deepen the transformation to sustainable development: peers felt that it is time to challenge development thinking, and go beyond just 'doing things right' for the environment, i.e. following safeguards, to also 'doing the right things' in strategic ways, i.e. promoting and actively pursuing outcomes such as investing only in renewables and not supporting fossil fuel investments. Ultimately this is a transformational policy and institutional agenda that contrasts quite starkly with the incremental agenda of existing mainstreaming work. It needs a dialogue towards a common narrative (which the OECD can help to shape) and commitment from the highest levels (where Sweden's leadership is well-placed).

Annex C. Visit to Canada: 1-5 April 2019

Background

The OECD has undertaken a peer-learning exercise on environment mainstreaming to support OECD members who face challenges in this critical dimension of development co-operation. The key areas for learning were: how and why environment issues (including biodiversity, climate adaptation and mitigation, and pollution) are integrated across programmes; what has worked and why; what challenges remain and are emerging; and how these challenges can best be addressed.

This peer-learning exercise involved consultation with Development Assistance Committee (DAC) members, three country visits by peers, and independent facilitation by the International Institute of Environment and Development (IIED). It began with a survey of mainstreaming progress and challenges among members of the DAC Network on Environment and Development Co-operation (ENVIRONET) in February 2018. This informed an inception workshop that was conducted in May 2018 to allow ENVIRONET members to share their experiences, and resulted in an analytical framework prepared by facilitators from IIED. That framework in turn provided helped to guide the three peer-learning visits.

The first peer-learning visit was of the European Union (EU) institutions (the European Commission and the European Investment Bank) in Brussels, from 24-28 September 2018 (see Annex A). Peer visits also occurred in Sweden in January 2019 (Annex B) and Canada in April 2019. This report shares impressions, challenges and lessons identified and discussed in the peer learning visit to Canada, 1-5 April 2019 conducted by a team comprising Sida and the EC, represented by the mainstreaming facility, and facilitated by the OECD's Development Co-operation Directorate (DCD) and IIED. The results were reviewed at an ENVIRONET meeting on 30 April 2019, and a final report based on all three country visits will be drafted by IIED in June 2019 and presented to the DAC. It is expected that the results may inform future formal DAC peer reviews, which are carried out regularly of DAC members, as well as providing a basis for sharing among ENVIRONET members interested in enhancing their mainstreaming of environment and climate change.

The peer learning visit to Canada was successful, impressing the peers and demonstrating lessons that could be of wider value to DAC members as well as to Global Affairs Canada (GAC). The peers were very grateful to Canadian colleagues for the opportunity and the excellent organisation of the visit. Their overall impressions of the Department's effectiveness and challenges, as well as lessons of wider applicability and peer suggestions on meeting challenges are summarised below.

Environment and climate mainstreaming effectiveness

Global Affairs Canada (GAC) has developed a strong legal framework for environmental compliance over two decades. A key driver for mainstreaming is the Canadian Environmental Assessment Act (CEAA) and the requirement to apply the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals, which foresees a wide application of strategic environmental assessments to policies, plans and programs. Prior to the introduction of the Feminist International Assistance Policy, the framework for environmental compliance of Canada's development assistance was provided by the Canadian International Development Agency (CIDA) policy for

environmental sustainability, which called for the integration of environmental considerations into development programmes and projects. In order to operationalise the CEAA, the cabinet directive and the policy, an Environmental Integration Process (EIP) tool was developed in 2014, to assess environmental risks and opportunities in each project. The EIP is integrated into GAC's financial system as a way to improve compliance, and projects cannot be made operational until all environmental requirements are met. It is interesting that the EIP goes beyond compliance to explore environmental and climate change-related opportunities as well. The strength of GAC's environmental compliance framework is shown by the fact that some NGOs such as the Aga Khan Foundation globally use GAC's environment approaches for all their projects as it is more demanding than frameworks used, for example, by the United Kingdom's Department for International Development (DFID) and the United States Agency for International Development (USAID).

Canada has increased is spending on environment and climate programming and mainstreaming. GAC collects data on its environmental sustainability spending to report annually to the OECD DAC. Analysis for this peer-learning exercise (Global Affairs Canada, 2019[1]) showed that there is significant and growing spending on the environment. Preliminary analysis of environmental mainstreaming found that GAC programme areas of health and education performed relatively well, with 19% and 14% of projects tagged as "fully integrated" in terms of environment.

Canada benefits from having a strong and committed body of environmental staff. Global Affairs Canada has 11 environmental specialists at headquarters and 12 locally recruited environmental consultants in partner countries. These headquarters environmental specialists, as technical staff, do not rotate around the department as most employees do, and so have built up long experience of environmental mainstreaming as many have been in the organisation for some time. However, as with other specialists within GAC, their numbers have been substantially cut since the 2013 amalgamation between the former CIDA and the Department of Foreign Affairs and International Trade (DFAIT). Opinion was mixed about the need for additional specialist environment staff; however it is clear that current numbers are at a critical mass and should not be reduced further. There is also growing environmental consciousness within GAC as a whole, demonstrated by the formation of a network focused on greening the department, EcoGAC, now approaching 90 members. This could be harnessed into GAC programming through the formation of an environmental network, as Sweden has done, also including in it staff who are not environment specialists. There are also opportunities to complement in-house environmental expertise with an external facility or helpdesk, as the EC and Sweden have done. Both of these ideas are explored below.

Challenges in environment and climate mainstreaming

Canada's mainstreaming is generally effective and there is much to build on. But there are some areas where GAC faces challenges – many of which are common to other DAC members:

- **Changing political priorities, with current emphasis on gender equality:** While the environment was a key priority in the late 1990s, the current priority area for development assistance within the department is gender equality and empowerment of women and girls. This is demonstrated by the high-level political commitment to Canada's Feminist International Assistance Policy (FIAP) which was introduced in June 2017 by the previous Minister of International Development. The Minister of International Development remains strongly committed to this agenda and is simultaneously the Minister for the Status of Women. The FIAP sets out six priority action areas, which are currently being developed as standalone sub-policies. Environment and Climate Action is one of these and aims "to support government planning and initiatives to mitigate and adapt to climate change; advance women's leadership and decision making; and create economic opportunities for women in clean energy."

- The specific modalities of environment and climate mainstreaming at the department are not clearly defined by the FIAP, pending the release of a more detailed action area policy. However, as per the Cabinet Directive requirement, a strategic environment assessment of the FIAP was conducted to set out the environmental integration aspects of the policy. While a plus side of FIAP has been the high degree of commitment and programming in climate and gender equality issues, overall, in other respects, the overarching focus on and increased contributions to gender equality and women's empowerment programming at Global Affairs Canada has seen environmental considerations lessen in importance.
- **Fragile states and humanitarian focus leading to less emphasis on environment:** While the department's emphasis on fragile states and humanitarian programming is welcome from a poverty reduction perspective, the peer review found that GAC has focused on immediate humanitarian needs, service delivery and basic state capacity (providing food, water, health and shelter), to the detriment of a medium-term commitment to addressing environmental aspects in fragile and conflict-affected areas. There are a couple of important exceptions which GAC should consider further:
  - Short-term environmental health issues – for example around refugee camps – of sanitation and energy, i.e. indoor air pollution from biomass burning.
  - For fragile states, there is also growing evidence internationally that environmental decline and exposure to climate shocks are contributing to country fragility and conflict.

  Trade-offs between the humanitarian and the fragility agenda, and medium-term environmental issues, and the need to understand the exceptions around environmental health and fragility/environmental decline/climate shocks is a challenge facing a number of DAC members and warrants further enquiry by GAC.
- Dominance of climate change over other environmental priorities: As with many DAC members, climate is the dominant environment issue at GAC. Canada's engagement in climate change comes from the Copenhagen Pledge to spend CAD 100 billion per year on climate change, and the current Canadian administration pledging CAD 2.65 billion over five years for climate finance, comprising grants of CAD 827 million and CAD 1.829 million in loans. Canada is striking in that despite international assistance focusing on least developed countries and fragile states, climate mitigation spending is higher than climate adaptation. Indeed, climate mitigation has grown in the last two years as part of GAC's portfolio. Non-government organisations consulted during the peer-learning process flagged this growth of mitigation over adaptation as a major concern. By contrast, biodiversity received just over 1% of total GAC expenditure (Global Affairs Canada, 2019[1]) and 1.1% of total official development assistance (ODA) in 2015-2016 (OECD statistics). GAC contributions to biodiversity efforts could be better aligned and create more synergy with other Canadian contributions to the Biodiversity Convention's Secretariat based in Montreal (although Environment and Climate Change Canada provides funding for some programming with this Secretariat).

Lessons from Canada's experience of environment and climate mainstreaming

Ten broad lessons emerged from the peers' engagement with Global Affairs Canada that have wider applicability across DAC members:

1. Leadership of senior management is key for environment mainstreaming. The current political leadership of GAC seems to have stronger commitment to gender equality than environment which constrains the department's ability to undertake environmental programming and mainstreaming. For example, the department has held four recent ministerial events on gender equality, but has not recently participated in major events on climate/environment.

2. Strong policy mandate: In Canada, the government's policy mandate is set by political leadership and so can vary over the medium term with election cycles. Canada's Feminist International Assistance Policy is the current overriding policy framework. While a strategic environmental assessment of the FIAP has been undertaken and the policy includes a climate and environment action area, policy guidance in this area is still under development and has not been issued. The Environment and Climate Change Action Area Policy is expected to provide guidance for GAC's Environment and Climate Change programming including the policy framework for environmental integration.
3. Robust legal framework: Legal compliance with doing no harm and beyond to identify environmental opportunity is vital for environmental mainstreaming. GAC benefits from an exceptionally strong and operationally effective legal framework. This strong legal framework has been particularly important for not losing sight of the environment when political trends or leadership priorities change – as with GAC's current focus on gender equality.
4. Lack of financial targets for climate and environment programming and mainstreaming: Canada has no targets for environment programming and mainstreaming, unlike for gender equality, where the policy requires that by 2021-22, no less than 95% of Canada's support will target (15%) or integrate (80%) gender equality and the empowerment of women and girls. By contrast, both Sida and the EC have quantitative targets for climate spending (20% for the EC and 28% for Sida[1]) and Sida has an environment spending target (15% principal and 45% as significant). The closest Canada comes is a commitment to spend CAD 2.65 billion on climate jointly with Environment and Climate Change Canada. However, unlike in in Sida, the European Union and the United Kingdom, much of this climate finance is channelled through multilaterals and is managed as a separate pot of funding by a separate unit and not mainstreamed into the department budget.
5. Challenge of moving beyond climate: With the exception of Canada's commitment to spend CAD 2.65 billion on climate change, other environmental issues receive limited attention within GAC. Biodiversity receives just over 1% of GAC spending and pollution almost no spending.
6. Strong technical tools through the project cycle: The department has evolved a strong and sophisticated set of environmental appraisal tools through both project preparation and implementation. These include environmental screening, and SEA for policies and strategies requiring ministerial approval, although the number of SEAs has recently decreased as the requirement for country strategies has been removed.
7. Results and evaluation framework: While many agencies, such as the EC and Sida, tend to focus on environmental mainstreaming in the project preparation process, it is just as important to mainstream environment into the project implementation and monitoring and reporting phases. GAC has been generally more successful at the latter with frequently conducted environment management plans and environment specialists included throughout the project cycle. However, there is also some evidence that in the project cycle monitoring, measurements of environmental outcomes may drop off as there may only be room for a certain number of project indicators. In addition the mandatory chapter on environment has been removed from GAC's programme evaluations since environment is not seen by some as a cross-cutting theme within FIAP.
8. Technical capacity of environmental staff: GAC has currently 11 headquarters environment staff and 12 in-country environment consultants, which is fewer than before the amalgamation. This compares with 11 gender equality specialists in headquarters, with 3 more being recruited, and one focal point in each country. Thus there is a concern that the environment staff have reached critical mass and should not be reduced further.
9. Engaging with non-environmental staff: GAC is planning to reconstitute its environment network both to engage existing environment staff and to bring in interested staff who are not environment specialists. There is clearly much potential and interest in environmental issues in various groups at Global Affairs as shown by volunteer interest in the department's greening network EcoGAC.

Membership at EcoGAC has quickly increased in just a year from three volunteers to 90, with several incoming permanent staff.

10. Partnering with civil society: GAC has a long and impressive tradition of Partnerships for Development Innovation Branch financing Canadian civil society organisations to implement development work – ranging from large professional organisations to much smaller voluntary groups. However, civil society actors consulted would welcome a broader policy dialogue with GAC. One positive example is the Canadian Coalition for Climate Change and Development (C4D) which has been active in pushing climate and development – particularly in stressing the need for more spending on adaptation and less funding to be channelled through multilaterals. However, in general there is potential and interest from the NGO community to be more engaged with GAC. This will have to be managed carefully as some NGOs are so involved as GAC grantees that their ability to engage in active, impartial policy dialogue may be limited.

Peer suggestions for consideration by GAC and DAC members

Discussions during the peer visit raised several ideas to pursue. Many of these are noted throughout the text. There was particular discussion of jointly working with DAC members on:

- Mainstreaming climate finance, more focus on climate adaptation, and greater attention to biodiversity and environmental health: Internal data indicate that approximately two-thirds of climate finance goes to mitigation, while the remaining one-third is allocated to adaptation. Climate mitigation, while important, seems an unlikely priority given the department's focus on least developed countries and fragile states, where adaptation is paramount. In addition, these climate funds are largely ring fenced for the multilaterals such as the development banks and the Green Climate Fund, instead of being mainstreamed across the development portfolio as in Sweden and the United Kingdom. The climate spending masks much lower commitment to other environment issues. Biodiversity receives just over 1% and desertification just over 2% of GAC funding. Despite GAC's major focus on health, there is relatively less attention to some preventative environmental health issues – which particularly affect women and girls in least developed countries and fragile states – e.g. indoor air pollution, vector-borne disease, etc.
- Supporting environmental capacity with an environmental network, helpdesk function and inclusion in the competency passport: The environmental specialist function is acknowledged to be core to the effectiveness of GAC's legal environmental framework. However, the number of environmental specialists has dropped, while new challenges such as the rise of blended financed are growing. There are three options highlighted in this report to increase capacity:
  - The first is to learn from Sida and take forward plans to revitalise the environmental network. This could involve both better networked environmental expertise as well as engaging with non-specialists who wish to play a more proactive role in environmental mainstreaming.
  - A second institutional reform is to learn from the EC's in-house mainstreaming facility and Sida's external Environment Helpdesk and to introduce a streamlined external helpdesk to provide contracted environmental services at short notice and with the minimum of paperwork.
  - A third option is to increase environmental awareness and training by ensuring that the Competency and Assignment Management System includes competency on environment.
- Some revisions to the project cycle in the context of the Impact Assessment Act drafting: While GAC's project cycle integration of environment is strong, there are a number of areas where important reforms can be made:
  - **Highlight environmental issues in project calls,** particularly through the Partnerships for Development Innovation Branch and geographic programming.

- **Use strategic environmental assessment** with effective follow-up, possibly based on the re-introduction of country strategies and other such processes.
- **Focus on environment in the implementation framework,** including environment outputs/outcomes and indicators in the logic model and project implementation plan
- **Include environment objectives in the project results framework:** The current results framework limits the number of outcomes so that environment is often left out in favour of sector and gender equality results.

References

Global Affairs Canada (2019), *Briefing Note: DAC-OECD Peer Learning Exercise on Mainstreaming Environment, March 2019*. [1]

Note

[1] Weighted amount, contributions marked significant and principal (Rio markers Climate Change Adaptation and Mitigation).

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How can members of the DAC effectively tackle critical environmental challenges and threats – such as climate change, pollution, and loss of soil fertility and biodiversity – in activities supporting the 2030 Agenda in developing countries? Most already have environmental safeguards in place to screen out negative environmental practice, but they need far more robust policies, capacities and approaches for mainstreaming environment across all their development co-operation activities. This report examines five critical areas for mainstreaming: strong policy commitment and leadership; robust systems, processes and tools; capacity and continuous skill development; shared knowledge, learning and engagement; well-supported country systems. On that basis, the report suggests priority actions for the OECD-DAC, its Network on Environment and Development (ENVIRONET) and the wider development community.

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