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**Integrating Environmental Objective into EU Development Policy**

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**Introduction**

The EU is committed to protecting the environment and pursuing sustainable development not only within Europe but also globally. In quantitative terms, the EU’s development policy (covering more than 100 countries and providing over €50 billion a year in aid) has a huge practical potential to support environmental protection objectives and processes beyond the EU’s borders.¹ Tackling environmental issues is also seen as essential for achieving development objectives, as many people in developing countries rely on healthy ecosystems for direct consumption and/or income generation. This policy brief seeks to examine the extent to which the EU integrates environmental objectives into its development activities and so harness the potential of these activities to not only pursue the EU’s development objectives but also the EU’s external environmental objectives.

Policy and Legal Framework

Integrating environmental objectives into EU policy has been a requirement under the EU’s legal framework since the Treaty of Amsterdam (1997). This was originally implemented through the Cardiff Process, in which the nine EU council formations focused on integrating environmental and sustainable development into their sectors. This led to the creation of an ‘Integration Strategy’ within the Development Council.²

The commitment to integrate the environment was reflected in several high-level policy documents setting the framework for the EU’s development activities. For example: the ‘European Community’s Development Policy’ adopted in 2000³ included the environment as a cross cutting issue. The ‘European Consensus on Development’,⁴ agreed in 2005, went on to explicitly link the environment with poverty reduction – the main objective of EU development policy – and also made the ‘environment and the sustainable management of natural resources’ one of nine areas where the EU would concentrate its development cooperation activities.

A twin track approach addressing the environment both as a cross-cutting issue in all programmes and as a specific focus of activity in EU development policy was consequently embodied in the policy instruments that form the basis of EU development cooperation, for example, the Development Cooperation Instrument (DCI) and the European Development Fund (EDF). These two funds form the basis for cooperation in Latin America, Asia, Central Asia, the Gulf and South Africa (i.e. the DCI) and the African, Caribbean and Pacific group of countries (i.e. the EDF). The funds are implemented through a process of programming during which the analysis of the country situation and of donor actions is set out in Country Strategy Papers (CSP). Country Environmental Profiles (CEPs) are also prepared and are intended to help integrate environmental concerns into the preparation of the Country Strategy Papers. Other Thematic Programmes, for example ‘The Environment and

Sustainable Management of Natural Resources including Energy Thematic Programme’ (ENRTP) (2003-2007) and the Global Public Goods and Challenges (GPGC) programme (from 2014 - 2020) provide a more targeted source of funds for addressing environmental issues.

Integration in Practice – a Checkered History

The 2006 European Court of Auditors’ Report

Despite these opportunities in principle to integrate environmental objectives into the EU’s development cooperation, a number of critical evaluations in practice have pointed to serious shortcomings. Most notably, the European Court of Auditors published a Special report in 2006, which found that only limited progress had been achieved. The report highlighted the challenges and risks associated in the programming of geographic instruments with the fact that partner countries were encouraged to concentrate funding on just a few development cooperation sectors. Countries seldom prioritised the environment as one of these sectors. Further shortcomings in the programming process by the report include: a lack of appropriate implementation and monitoring mechanisms for the environmental integration strategy; insufficient in-house capacity for mainstreaming environment; weak capacity-building efforts; and a delay in producing a detailed ‘Manual of Environmental Integration’ for EU officials tasked with developing the programming documents.

In particular, the Country Strategy Papers did not consider environmental aspects sufficiently. For example, in 2003 only six Country Environmental Profiles had been produced for the 160 countries with which the EU had developed cooperation strategies. A sample of 60 Country Strategy Papers showed that the millennium development goal (MDG) on environmental sustainability had not been mentioned in any of them and only a quarter had made reference to the obligations of partner countries to fulfill multilateral environmental agreements to which they were signatories. According to the report, there

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was insufficient mainstreaming of environmental aspects in budgetary support programmes mainly due to insufficient use of environmental assessment procedures such as Strategic Environmental Assessment and Environmental Impact Assessment. These procedures can be used to screen, analyse and mitigate the environmental implications of policies, plans, programmes and projects. Even in the relatively few Commission programmes and aid projects carried out in the environmental sector, the European Court of Auditor’s report found the outcomes disappointing. Only 6.8 per cent of total Commission aid between 2003 and 2004 was committed to the environment sector.

The Follow up to the European Court of Auditors’ Report

Significant progress was made between 2006-2007 in the wake of the Court of Auditors report and its recommendations, which included that there should be a renewed “Integration Strategy”. For example: the ‘EU Environmental Handbook for Environmental Mainstreaming’ was finalized in December 2006 to provide European Commission staff with detailed guidance on mainstreaming processes; the use of SEA was widened; and Country Environmental Profiles were made compulsory.

Nevertheless, many challenges for integrating environment into development cooperation persisted. A report published by WWF in 2009, based on a review of 19 Country Environmental Profiles for the programming period 2007-2013, identified a number of gaps in the analysis, including: the lack of access and availability of environmental data, especially statistical information; inadequate analysis of the underlying problems of weak governance and corruption; insufficient analysis and proposals for effective environmental governance; lack of depth and knowledge on significant issues; and inadequate consultation with stakeholders. Even more worrying was the apparent lack of understanding both of the potential detrimental impacts of the EU’s non development policies (such as fisheries and trade) on the focus countries as well as insufficient awareness of European Commission

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procedures and tools for development assistance programming.\textsuperscript{7} Also, only a few of the Country Environmental Programmes said very much about climate change, which was by then a top environmental priority for the EU. Furthermore, another report by WWF et al.\textsuperscript{10} found shortcomings in the transparency of important environmental documents, including the Country Environmental Profiles. Many were not easily publically accessible thereby preventing their proper scrutiny by NGOs and other interested parties.

In 2010, the European Court of Auditors published a follow up to their 2006 Special Report, which repeated the earlier call for a new integration strategy.\textsuperscript{11} Referring to a 2009 EuropeAid review, the report found that there was scope for further improving the integration of the environmental aspects at the project formulation stage in approximately 50 per cent of the projects examined. Despite numerous pressures, no integration strategy was produced but rather a new set of environmental and climate change integration programming guidelines were issued in draft format.\textsuperscript{12}

Recent Developments

Geographic programmes

A number of important changes in the programming process for geographic instruments have been made since 2014, which could have significant implications for how the environment is integrated into the EU’s development activities in practice. First, the process of programming development cooperation has been simplified. The main basis for programming is no longer Country Strategy Papers, but existing national and regional policy documents. Instead, an “EU response to the country context” is submitted, with EU delegations only required to prepare a Country Strategy Paper if a national development plan does not exist or is not suitable. Short annexes, such as a summary of the Country Environment Profile, are to be included where proposed EU interventions may have an impact on the environment or where there is climate change relevance. Second, it is now a


legal obligation for projects and programmes to undergo the appropriate environmental screening, including for climate change and biodiversity impacts (i.e. Strategic Environmental Assessment and Environmental Impact Assessments). This is a major step forward, as before such screening was only set out as a guideline or expectation. Third, the new programming approach has been guided by a set of common principles, which include: ownership and alignment – activities will be agreed through consultation with multiple stakeholders within the recipient country; sector concentration – aid will be targeted on only three sectors in each country; differentiation - more priority will be given to least developed countries. These common principles have a number of implications with regard to integrating the environment into the EU development activities. Not only are partner countries unlikely to prioritise the environment as one of the three sectors to be supported, but with the EU’s support targeted at the poorest countries, the environment is even less likely to be a priority.

Thematic Programmes

In 2014 the thematic programme on Global Public Goods and Challenges (GPGC) replaced four existing thematic programmes. The budget is €5.1 billion over seven years. The strategic area of ‘environment and climate change’ has a total budget of €1,327 million and aims to: improve environmental protection and to help people mitigate and adapt to climate change in a development context; support strong international environmental and climate governance; as well as facilitate the transformation towards an inclusive green economy in developing countries. It seeks to do this through the four following components and five ‘flagship initiatives’:\textsuperscript{14}

- Component 1 (€544-610 million) addresses climate change adaptation and mitigation and support for the transition to climate resilient, low-carbon societies. This component will be supported by the ‘Climate Change Mitigation – Supporting Low-Carbon Development Flagship Initiative’ and the ‘Global Climate Change Alliance plus (GCCA+) Flagship Initiative’.


• Component 2 (€398-504 million) focuses on the valuation, protection, enhancement and sustainable management of ecosystems, including forest and transboundary water resources. It will be supported by the ‘Biodiversity for Life (B4LIFE) Flagship Initiative’ as well as the ‘Forest Law Enforcement, Governance and Trade (FLEGT) Flagship Initiative’.

• Component 3 (€79-146 million) concentrates on the transformation towards an inclusive green economy and the mainstreaming of environmental sustainability, climate-change and disaster-risk reduction.

• Component 4 (€119 – 132 million) contributes to international environmental and climate governance by supporting Multi-lateral Environmental Agreement processes, in particular by: strengthening the voice of developing countries in negotiation processes; supporting international partnerships and alliances on the environment, and the international knowledge building and sharing, scientific research and technology cooperation.

The GPGC programme is, therefore, now the main dedicated channel through which the EU supports its external environmental objectives and initiatives, for example, through the funding of FLEGT, the EU Water initiative and the Global Climate Change Alliance+ initiative. In addition, this is the main channel through which the EU provides financial support for multilateral environmental agreement processes and secretariats thereby enabling the EU to pursue its leadership in these forums. The GPGC Thematic Programme also contains a ‘sustainable energy’ sub-programme with a budget of €589.8 million which aims to support the UN’s Sustainable Energy for All initiative.

Conclusions
There is now a longstanding commitment underpinning the integration imperative in the EU’s development policy as well as many opportunities to implement this through the EU’s geographic and thematic instruments. There has, however, been a significant difficulty in achieving integration in practice. These difficulties were revealed in the 2006 European Court of Auditors’ Report. Since then some issues have been addressed but many issues remain. A comprehensive strategy for environmental integration with qualitative and quantitative indicators is still awaited and, crucially, funding through geographic programmes is rarely directed towards addressing environmental objectives. It is unlikely
then that geographic instruments, through which the vast majority of the EU’s development assistance flows, will contribute greatly to the EU’s external environmental objectives.

Rather, the GPGC programme looks likely to make the larger contribution to pursuing the EU’s global environmental goals. In particular, the GPGC demonstrates a strong emphasis on climate change, which was weak in previous instruments (e.g. ENRTP). This reflects the rise of climate finance up the political agenda both at the international level and within the EU. Furthermore, the GPGC will significantly contribute to the overall commitment of EU to allocate 20% of the 2014-2020 budget to climate actions. The regulation underpinning the GPGC states that at least 25% of the budget for the GPGC programme should be spent on climate change and the environment. Assuming the 20% target is met throughout all EU external aid this would represent an estimated amount of €11.6 billion, which is a threefold increase compared to the amount committed over the previous 2007-2013 period. Ironically it could be this high level commitment made in the EU budget, which is not targeted at the EU’s development policy per se, which drives further progress in the EU’s integration of environment into its development policy in future.

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