
Declaration on Integrating Climate Change Adaptation into Development Co-operation

Adopted by Development and Environment Ministers of
OECD Member Countries on 4 April 2006

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**MEETING OF THE OECD
DEVELOPMENT ASSISTANCE
COMMITTEE AND
THE ENVIRONMENT
POLICY COMMITTEE AT
MINISTERIAL LEVEL**

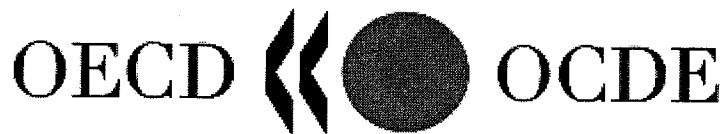
OECD Headquarters, Paris

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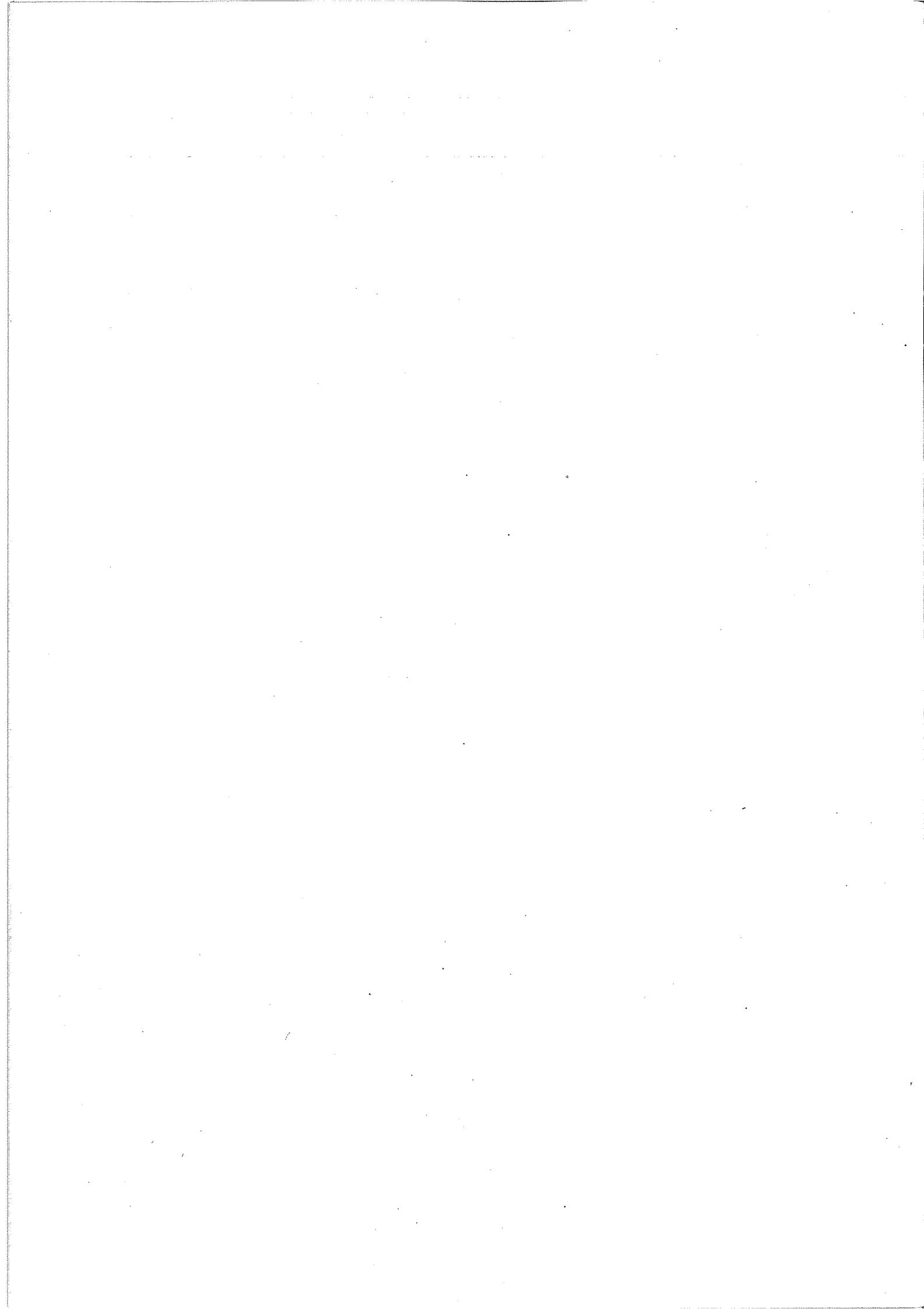
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ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT



DECLARATION ON INTEGRATING CLIMATE CHANGE ADAPTATION INTO DEVELOPMENT CO-OPERATION

THE GOVERNMENTS OF OECD MEMBER COUNTRIES¹:

CONSIDERING:

1. That climate change is a serious and long-term challenge that has the potential to affect every part of the globe;
2. That adaptation to climate change and its adverse effects is of high priority for all countries and that developing countries, especially the Least Developed Countries and Small Island Developing States, are particularly vulnerable (2/CP.11). The Least Developed Countries are among the most vulnerable to the adverse effects of climate change and in particular that widespread poverty limits their adaptive capacity (5/CP.7);
3. That the poor are particularly dependent on natural resources for their livelihoods. Environmental Sustainability is important for economic and human development as environmental "costs" at the global, national and local levels, bear heaviest upon the poor. They are crucial for living conditions world wide with climate change and environmental pollution being major issues that require the concerted efforts of all governments to tackle. Environmental degradation is not the inevitable cost of economic development;
4. That responses to climate change should be co-ordinated with social and economic development in an integrated manner, taking into account the legitimate priority needs of developing countries for the achievement of sustainable economic growth and the eradication of poverty;
5. That both adaptation and greenhouse gas emissions mitigation are required to respond to climate change. These measures are needed within both developed and developing countries, consistent with the ultimate objective and principles of the United Nations Framework Convention on Climate Change (UNFCCC);
6. That helping vulnerable countries anticipate and adapt to the risks posed by climate variability and climate change contributes to achieving development objectives, including internationally agreed development objectives such as those agreed at the Millennium Summit that are described as the Millennium Development Goals, and in the Johannesburg Plan of Implementation;

¹ Including the European Community.

7. That adaptation to climate change is not a "stand alone" agenda. It also needs to be integrated into development policy-making and planning, including in the context of national plans, such as Poverty Reduction Strategies;
8. That responses to address other environmental and development challenges can likewise contribute to building resilience to climate variability and climate change. Adaptation to climate change will also often be synergistic with efforts to combat other global environmental problems, such as desertification and loss of biodiversity;
9. That environment and development co-operation agencies of OECD countries have considerable expertise to apply to developing coherent approaches to integrating climate change adaptation in development, in collaboration with relevant partners and bearing in mind other international initiatives, such as the Five Year Programme of Work on Impacts, Vulnerability and Adaptation to Climate Change adopted at the 11th Conference of the Parties (CoP11) to the UNFCCC;
10. That development co-operation agencies of OECD countries have a long experience working with developing country partners on poverty alleviation and on reducing the human and economic losses from natural climate-related disasters. Environment agencies have particular expertise on climate change impacts and adaptation that can be brought to bear in developing country contexts. This combined experience can be harnessed to tackle additional challenges posed by climate change.

DECLARE:

1. That they will work to better integrate climate change adaptation in development planning and assistance, both within their own governments and in activities undertaken with partner countries;
2. That in this context, they will work to :
 - 2.1 Promote understanding of climate change and its impacts within their development co-operation agencies and with partners in developing countries;
 - 2.2 Identify and use appropriate entry points for integrating adaptation to climate variability and climate change into development co-operation activities, including country assistance strategies, sectoral policy frameworks, Poverty Reduction Strategies, long-term investment plans, technical consultations and sector reviews, as well as strategic and project-level environmental impact assessments;
 - 2.3 Assist developing country partners in their efforts to reduce their vulnerability to climate variability and climate change, to identify and prioritise adaptation responses, and, where necessary, to help integrate such considerations within a wide range of sectoral interventions and projects, in line with the principles and objectives of the *Paris Declaration on Aid Effectiveness*;
 - 2.4 Where relevant and appropriate, assist developing country partners in the implementation of their National Adaptation Programmes of Action (NAPAs);

- 2.5 Develop and apply appropriate tools to address climate risks in development activities and to prioritise responses. Such tools and approaches include screening tools and other methodologies to assess exposure of relevant development activities, long-term development plans, and investments to climate risks, as well as tools to increase the resilience of relevant sectoral activities, decision systems and tools relevant to local planning needs;
- 2.6 Improve the relevance and usability of information on impacts of climate variability and climate change, so that it can be used appropriately by development practitioners. This could include improving climate monitoring, developing in-country and regional capacity for analysing and interpreting climate observational data, improving the quality of information on sector and location-specific climate change impacts, as well as the communication of uncertainties associated with climate change projections. This also includes improving information on the costs, distributional and trans-boundary aspects of adaptation activities;
- 2.7 Periodically assess progress on integration of climate risks and adaptation in development activities and efforts to strengthen countries' adaptive capacities;
- 2.8 Encourage regional initiatives that include common actions on impacts and vulnerability assessment and adaptation options, in order to promote trans-boundary initiatives, encourage South-South co-operation and avoid duplicated efforts.

INVITE THE OECD:

1. To promote meaningful co-ordination and sharing of good practices on integrating climate change in development co-operation, with the aim of developing guidance for integrating climate change adaptation in the context of development co-operation, in order to facilitate climate risk management and the sharing of tools and experiences;
2. To review the state of knowledge and conduct new analytical work on economic aspects of adaptation, including, inter alia, adaptation costs, benefits and distributional aspects;
3. To examine the role of adaptation policies and technologies, inter alia, in agriculture and soil management; water, fisheries, and coastal management; forest management; and disaster risk management in reducing adverse impacts of climate change in a developing country context;
4. To develop methodologies to monitor progress on integration of climate change risks and adaptation in development activities and on strengthening the adaptive capacities of developing country partners.

Framework for Common Action Around Shared Goals

**Adopted by OECD Development and
Environment Ministers**

4 April 2006



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

FRAMEWORK FOR COMMON ACTION AROUND SHARED GOALS

Background

At the 2005 World Summit, the UN General Assembly:

- reaffirmed its commitment to "... eradicate poverty and promote sustained economic growth, sustainable development and global prosperity for all ...";
- underlined "... the need for urgent action on all sides, including more ambitious national development strategies..."; and
- reaffirmed its "... commitment to the global partnership for development set out in the Millennium Declaration, the Monterrey Consensus and the Johannesburg Plan of Implementation".

OECD Members are fully committed to these efforts, as noted most recently by OECD Ministers on the occasion of their Ministerial Council Meeting on 3-4 May 2005.

It is widely recognised that eradication of poverty and the achievement of the Goals agreed at the 2000 UN Millennium Summit (often referred to as the Millennium Development Goals) and at the World Summit on Sustainable Development are closely linked to sound management of the environment at the local, national and global levels. Environmental resources play a key role in supporting economic growth and development. In particular, the poorest countries and the poorest people, especially women and children, rely heavily on environmental resources for their livelihoods. Threats to the environment at the local, national or global levels consequently have serious implications for both poverty reduction and sustainable development.

However, the integration of environmental factors into national development and poverty reduction strategies remains weak. Reasons for this include:

- Insufficient understanding of the environment-development linkage. This lack of understanding is partly due to insufficient capacity to identify and quantify environmental costs and benefits, as a way of "making the case" for integrating environmental factors into public policy and investment decisions.
- Insufficient capacity, political will, and financial resources to develop and enforce domestic environmental legislation, combined with weak capacity to mobilise and manage the financial resources needed to support investments that simultaneously address both environmental and development objectives.

- Weak institutional structures, which often mean that the authorities responsible for environmental management are not fully integrated into development decision-making and planning mechanisms.

Official Development Assistance (ODA) has an important role to play in supporting efforts by developing countries to implement national development policies and poverty reduction strategies. OECD/DAC donors play a key role in the disbursement and management of ODA.

The 2005 *Paris Declaration on Aid Effectiveness* envisages a wide range of measures aimed at improving the management and effectiveness of ODA. Examples include:

- developing countries will exercise effective leadership over their development policies, strategies, and to co-ordinate development actions;
- donor countries will base their overall support on receiving countries' national development strategies, institutions and procedures;
- donor countries will work to ensure that their actions are more harmonised, transparent and collectively effective;
- all countries will manage resources and improve decision-making for results; and
- donor and developing countries pledge that they will be mutually accountable for development results.

The *Paris Declaration on Aid Effectiveness* explicitly notes that considerable progress has been achieved in harmonising environmental impact assessment processes at the project level. It highlights that this progress needs to be deepened, including on addressing implications of global environmental issues, such as climate change, desertification and loss of biodiversity. It also encourages countries to continue developing the specialised technical and policy capacity necessary for environmental analysis and for enforcement of environmental legislation.

Environmental agencies in OECD countries have considerable expertise in the design, implementation, and monitoring of cost-effective environmental policies – both in developed countries and in an international context. They also have considerable experience with policies and instruments which can simultaneously support social and economic development and environmental management goals. Experience gained in OECD countries in these areas can be fruitfully applied to some developing country contexts. This is also in line with the *OECD Environmental Strategy for the First Decade of the 21st Century*, which notes that the success of implementing the *Strategy* will depend on “strengthened co-operation with non-member countries, including developing countries and countries with economies in transition”. The *Strategy* also points to the need to “strengthen co-operation between the Environment Policy Committee (EPOC) and the Development Assistance Committee (DAC) on priority issues of mutual concern”.

Goals and Structure

This *Framework for Common Action Around Shared Goals* therefore seeks to improve the co-ordination and coherence of efforts by Development Co-operation and Environmental agencies in OECD countries, in support of poverty reduction and the MDGs. In doing so, it will provide direct support to the implementation of the environmental aspects of the *Paris Declaration on Aid Effectiveness*.

Emphasis will therefore be placed on:

- Identifying, adapting, scaling up and expanding implementation of “good practices” at the interface of environment and development.
- Supporting capacity building efforts for environment-development integration in both developing and transition countries.

The *Framework* will also encourage a two-way sharing of experience among development-environment policy-makers and practitioners at various levels.

Key Elements of the *Framework*

“Good practice” policies and instruments

This element will focus on identifying “good practices” at the interface of environment and development, and on adapting them for efficient implementation in specific developing country contexts. The overall objective will be to increase awareness and promote the implementation of policy approaches, tools and instruments which have proven to be effective in supporting enhanced integration of poverty reduction, environmental protection and economic growth in various domains.

Specific themes to be addressed under this element will include:

- Policies and instruments for better integrating local and national environmental factors into national development policies and plans. The focus here will be on environment-development linkages, in the context of the Poverty Reduction Strategies and similar development plans developed by developing country partners (which together provide the basis for development co-operation support). This will include examining approaches and instruments to identify the linkages between development, conflict prevention, and natural resources management policies (especially in the context of “pro poor” economic growth), and to foster appropriate policy responses. Specific attention will be paid to the role played by decentralised authorities and local communities in natural resource management. Particular focus will be on emerging instruments, such as “Strategic Environmental Assessment” and “Environmental Fiscal Reform”.
- Policies and instruments for better integrating global environmental objectives into national and local development policies and plans. The focus here will be on approaches and instruments to support the integration of issues relating to climate change, biodiversity, desertification and chemical management, in the context of national or sectoral development strategies. This will include issues related to prevention of, and adaptation to, risks associated with natural hazards -- notably climate variability and climate change. Work in these areas will directly support the objective of the *Paris Declaration* to address the implications of global environmental issues, such as climate change, desertification and loss of biodiversity.
- Maximising the development-environment potential of international financing instruments. The focus here will be on facilitating wider application of existing international financing mechanisms and instruments in developing countries, including those arising from international environmental agreements. Relevant mechanisms could include the Clean Development Mechanism, and Export Credits and

Guarantees. Public-private partnership mechanisms to support investment in developing countries will also be included in the scope of this work.

- Approaches and instruments for monitoring progress towards better environment-development integration. The focus here will be on refining and adapting existing indicators and instruments, in order to improve their applicability to specific development contexts. It will also include strengthening mechanisms for tracking aid flows towards the environment, as well as strengthening the development dimensions of OECD countries' Sustainable Development Strategies, with a view to drawing "good practice" lessons from experiences.

Improved capacity-building for environment-development integration

This element will focus on harmonising approaches in support of developing countries' capacities to implement the "good practice" approaches and instruments outlined above (including the overarching approach of "Strategic Environmental Assessment"). This effort will directly support the objective of the *Paris Declaration* to: "*strengthen the application of EIAs and deepen common procedures for projects, including consultations with stakeholders [and] continue to develop the specialised technical and policy capacity necessary for environmental analysis and for enforcement of legislation*".

Activities to be conducted within this element will take full account of, and build upon, relevant work conducted by the UNEP (e.g., in the context of the Bali Strategic Plan for Technology Support and Capacity Building), UNDP, the GEF, and others.

Specific issues to be addressed under this element will include:

- Capacity for environmental impact assessment of development programmes and projects. This activity will include the formulation of common approaches for "diagnostic reviews" of capacities to conduct environmental assessments of development projects. Broader issues will also relate to building the capacity of national environmental regulatory authorities to contribute to the formulation of national development policies and strategies. Existing *DAC Guidelines on Capacity Development in Environment* will provide an important reference point in this regard.
- Capacity for the elaboration of environmental policy and the enforcement of environmental legislation. This will focus on environmental monitoring and compliance efforts in developing countries. Previously-developed OECD tools, notably those developed by the Task Force for the Implementation of the Environment Action Programme (EAP) for the Countries of Central and Eastern Europe will also be applied to this work (e.g., *Guiding Principles for Reform of Environmental Enforcement Agencies*, *Inspection Toolkit*, and *Good Practices for Funding Environmental Compliance Assurance*).
- Capacity for appraising and managing environmentally-related expenditures. This activity will focus on those environmentally-related expenditures of most direct importance to the development process (water supply and sanitation, pollution control waste collection and disposal). The main focus will be on improving capacity to apply sound economic and financial principles to the financing of public environmental expenditures. Results from earlier work on the management of public environmental finance in the context of the

countries of Eastern Europe, Caucasus and Central Asia will provide an important reference point in this regard.

- Capacity to identify and quantify environmental costs, and to monitor progress towards improved development and environment integration. This will include approaches and instruments aimed at identifying and quantifying the costs and benefits of environmental policy. It will also assist in the monitoring of progress towards established development goals related to the environment (e.g., water supply and sanitation, provision of basic energy services).

Implementation

All of the themes and activities mentioned in this *Framework* will be relevant to each of the above implementing agents to varying degrees, and in differing contexts. These themes and activities should therefore collectively be interpreted as a “menu of options”, each element of which is likely to be more relevant for a particular context than for others. Nor should the themes and activities listed in this *Framework* be interpreted as providing an exhaustive list of all the relevant initiatives that could be taken. The explicit intention is therefore that the detailed activities underlying this *Framework* will be modified and updated, based upon the results of implementation experiences and feedback from participating partners.

Implementation of this *Framework* is also expected to occur gradually, and at various levels in various *fora*. It is anticipated that specific initiatives in support of the *Framework* will be taken by:

- OECD governments as a whole, seeking to improve environment-development integration in their own capitals, as well as to improve the development-environment integration efforts of appropriate international organisations;
- Development Co-operation agencies, working in partnership with developing countries in the context of the latter’s national priorities (*i.e.*, in direct support of the goals of the *Paris Declaration*), and with the direct support of Environmental agencies;
- the OECD Secretariat, which is expected to provide analytical support to the above needs.

International Development Co-operation agencies (UN Agencies, Multilateral Development Banks), many of which are actively involved in the work of the DAC and the EPOC will also be invited to participate as full partners in many of the initiatives that will be undertaken in the process of implementing this *Framework*.

Similarly, because the private sector and civil society are so important to the overall direction of development-environment integration efforts, it is envisaged that links between public policies and private actors will need to be systematically strengthened during the implementation phase of this *Framework*. This will involve efforts to improve the quality and effectiveness of environmental regulation, as well as efforts to improve the general enabling environment in which investment and markets can support the development process.

At the level of donors and recipients, all activities carried out under the *Framework* will draw from available analytical and policy work conducted at the country-level, and in accordance with national priorities. At the level of the OECD, activities will build on existing work, wherever possible.

For the short-term, the following specific milestones are envisaged:

- Take stock of ongoing or planned country-level activities related to the themes outlined in the Framework, and agree on appropriate priorities for future common action at the country level. This stock-taking and priority-setting exercise will be initiated jointly by Environment Network (ENVIRONET), the Environment Policy Committee/Working Party on Global and Structural Policies (EPOC/WPGSP) and the OECD Secretariat, and will involve direct and ongoing consultation with developing country partners (whether or not they are Parties to the *Paris Declaration*). A working Bureau of ENVIRONET and WPGSP delegates will be established to move this process forward.
- Identification of relevant themes at country-level and corresponding needs for analytical, methodological and other support should then be established. An appropriate plan for measuring progress should also be defined at that time. This work should be completed by mid-2007.
- The OECD should also consider including in its planning for 2007-2008 some activities that are explicitly intended to contribute to the successful implementation of this *Framework*.
- A report to OECD Development and Environment Ministers on progress achieved should also be prepared no later than 2009.