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# Climate Change and Development: The Role of EU Development Cooperation

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## 1 Introduction

Climate change is a serious risk to poverty reduction and to the achievement of the Millennium Development Goals. This is because its negative impacts are more severely felt by poor people and poor countries, which rely to a higher extent on natural resources and have a limited capacity to cope with climate variability and extremes (see contributions by Devereux and Edwards, Denton, Huq and Reid, Rogers and Scoones, this *Bulletin*, for lengthier discussions about adaptation impacts).

Moreover, if climate change is ignored in today's development efforts, gains in poverty reduction may not be sustainable in the longer perspective. Given the way climate change cuts across the development agenda, it is important that responses are conceived within and in coherence with existing development frameworks, rather than in isolation from them. In other words, responses to climate change need to be fully integrated into mainstream development activities

Climate change is also a useful reminder of why environmental issues as a whole need to be taken into account in development activities. Indeed, the integration of environment into European Union (EU) development cooperation is an obligation under Article 6 of the EC Treaty,<sup>1</sup> and the EC's Development Policy<sup>2</sup> identifies environment as a cross-cutting issue, which needs to be integrated into all priority themes in order to make development sustainable (see Newell, this *Bulletin*).

## 2 Proposal for an EU strategy and action plan

The EU is currently progressing towards coordinated action on climate change and development. On 11 March 2003, the European Commission adopted a Communication on Climate Change in the

Context of Development Cooperation.<sup>3</sup> The Communication puts forward a Commission proposal for an EU Strategy and Action Plan aiming at the integration of climate change considerations into EU development cooperation activities.

The objective is to assist EU partner countries in meeting the challenges posed by climate change, in particular by supporting them in the implementation of the UN Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol. This is to be done in complete coherence with the overarching objective of poverty reduction.

The strategy was endorsed by the EU Council of Ministers on 5 December 2003. On this occasion, the Council also requested that the action plan, which translates the recommendations of the strategy into concrete actions, be further developed. Work to this end is currently ongoing and the action plan is expected to be adopted during 2004. The strategy identifies four strategic priorities, which are explored below.

### 2.1 Raising the policy profile of climate change

The principle that development strategies and processes should be country-owned and driven and that partner countries themselves are primarily responsible for identifying and responding to environmental issues is a basic EU principle. However, climate change concerns often have low priority in partner countries and are often completely absent from their development strategies. Strengthening the environmental dialogue with partner countries and linking it to issues which receive high political attention such as the Millennium Development Goals and the follow-up to the World Summit on Sustainable Development, is therefore key to creating awareness and raising the policy profile of climate change.

High-level political dialogue can play a crucial role in encouraging partner countries to address climate change and other environmental concerns, in particular by highlighting that sustainable development and poverty reduction can be achieved while at the same time addressing climate change. Other types of policy dialogue can also further this purpose, for example consultations with partner countries in the development and review of Country Strategy Papers. The latter type of dialogue could allow for the identification of country-specific needs with the view to better responding to them.

Climate change considerations need to be better integrated on the EU side. The EU is committed to mainstream climate change considerations into all strategic programmes and sectors of EU development cooperation and into other EU internal and external policies having possible impacts on partner countries.

## **2.2 Supporting adaptation to climate change**

Ecological, social and economic effects of climate change are projected to be both place-specific and interrelated. Options for adaptation will therefore have to accommodate such complexities in order to be effective. Moreover, adaptation will have to address both gradual changes in average climatic conditions and climate variability and extremes.

Many of the countries or groups within the countries most vulnerable to climate change are already under stress with respect to current climate variability. Addressing vulnerability to the current climate is therefore a logical first step in adaptation to climate change. The EU will support adaptation to current climate and its variability in view of strengthening knowledge and adaptive capacity in partner countries to deal with future changes in the climate. Present-day climate vulnerability can for example, be reduced by feasible cost-effective adaptation in the form of “no-regrets” measures that are measures that have benefits also for non-climatic stresses, for example continued support for ecosystem conservation and environmentally sound natural resources management.

More specifically, the EU will support and promote mainstreaming of adaptation considerations into national strategies for sustainable development and poverty reduction. The EU will also ensure coherence or complementarity between actions aimed at adaptation and actions in other relevant

sectors, in order to avoid interventions that may increase vulnerability, so called “maladaptation”. Since people and all types of systems are generally more vulnerable to sudden disruptive changes than to gradual ones, adaptation options should also take into account disaster preparedness and prevention. Moreover, wide stakeholder involvement will be supported in order to ensure that formal interventions are compatible with informal “traditional” responses to risks posed by changes in the climate, thereby contributing to the development of strategies combining the joint strengths of strategic oversight and local or traditional knowledge.

Finally, continued research into climate change impacts and vulnerability will be supported in order to narrow the gap between current knowledge and policy-making needs. The 6th Framework Programme for Research (2002–06) is a vehicle for EU partner countries to develop knowledge, tools and methodologies that are relevant for the issue of climate change and planned adaptation. Universities and research institutions of partner countries will for example be encouraged to join their European counterparts and form research consortia that contribute to the development of adaptation strategies and the understanding of scientific processes under the specific conditions of developing countries, as well as the corresponding monitoring activities.

## **2.3 Supporting mitigation of the causes of climate change**

Partner countries will need support in reconciling their legitimate needs for economic development with the protection of the environment and sustainable use of energy and natural resources. Even though mitigation options can be explored in all sectors of the economy, as far as developing countries are concerned the greater potential for emission reductions through mitigation activities, with good ancillary benefits in terms of sustainable development, exist primarily in the areas of energy supply, energy use and transport. The EU will therefore continue and strengthen its support to actions having both explicit and implicit potential for the mitigation of greenhouse gas emissions, emphasising these three areas.

Mitigation considerations need however to be mainstreamed into all aspects of existing EU development assistance in order to achieve a less carbon intensive economic growth than otherwise

would have happened, for the benefit of all countries. In doing so, advantage should be taken of no-regrets options that benefit both sector objectives and climate change concerns, for example renewable energies and energy efficiency technologies.

The EU will also contribute to the identification and removal of key barriers to the implementation of mitigation measures. Examples of barriers are lack of available capital and lack of finance at low interest rates, the information gap hindering proper technology selection, the lack of access to the state of the art technology, and the small scale of many projects. Drawing on its experience of scientific and technological cooperation with partner countries in areas of direct relevance to climate change, the EU will, for example, support research into alternative fuels, ensure wide dissemination of results and promote North/South research cooperation.

Finally, the EU will promote an enabling environment for the implementation of the Clean Development Mechanism (CDM).<sup>4</sup> Using Official Development Assistance (ODA) for project preparation activities, including capacity building of the host developing country, could be an important step in that direction. However, ODA shall not be used for financing the acquisition of CDM credits.<sup>5</sup>

### **2.4 Supporting capacity development**

In view of partner countries' vulnerability to the adverse effects of climate change and their growing greenhouse gas emissions, it is essential to develop their capacity for the implementation of both the UNFCCC and the Kyoto Protocol, if global efforts to combat climate change are to be meaningful. Their full participation in the international negotiations is also essential, in particular with regard to future negotiations on the post-2012 regime.

Capacity development is about improving overall organisation performance and function capabilities as well as ability to adapt. Both the public and the private sectors, including the civil society, will be targeted by capacity development initiatives in order to raise awareness about the challenge of climate change, the opportunities offered by the UNFCCC and Kyoto frameworks in terms of financial and

technical assistance, technology transfer and investment potential through CDM activities in order to assist partner countries in meeting their obligations. Capacity development activities undertaken within this framework should also maximise synergies between the UNFCCC and other multilateral environmental agreements dealing with for example biodiversity and desertification, as appropriate. Particular attention will also be given to reinforcing scientific and technological capacity in partner countries.

## **3 Challenges ahead**

The strategic priorities explored above have been translated into concrete actions in an EU action plan, which is currently the subject of further discussion in the Council. The finalised action plan is expected to be adopted this year. This would be a significant achievement in itself since such coordinated action will further enhance and broaden the impact of European ongoing assistance. However, agreeing on the Action Plan is one thing – implementing it is another. For that, several actors need to play their role, the Commission, EU member states, civil society and other relevant stakeholders and, not least, the EU partner countries themselves.

Moreover, the quality of action will depend not only on the amount of resources available but also on how they are used. Official Development Assistance funds and national budgets that are dedicated to climate change activities are and will remain limited in the face of competing development priorities. As regards the Community, funding for climate change mainly takes place within the context of nationally owned strategies developed in Country Strategy Papers and Regional Strategy Papers, i.e. assistance is given to those countries and regions that have prioritised and requested such assistance. In addition, funding for climate change can also be allocated under multi-regional or horizontal instruments, or under the research budget but these resources remain limited add-ons. In this context, effective integration of climate change into mainstream development activities both within the EU and in partner countries remains of essence and indeed the greatest challenge if current efforts are to prove successful and sustainable in a longer perspective.

## Notes

1. Article 6 of the EC Treaty, as amended by the Amsterdam Treaty, requires that environmental protection is integrated into the definition and implementation of all Community policies and activities referred to in Article 3, in particular with the view to promoting sustainable development. The process of environmental integration was launched at the Cardiff summit in 1998 for some Community policies and in December the same year, the Vienna summit extended the invitation to include development cooperation.
2. 'The European Community's Development Policy' COM (2000) 212 final. Furthermore, in November 2000, the Council and the Commission endorsed a Development Policy Declaration (Council document 13458/00) that confirmed the six thematic priority themes: trade and development, regional integration and cooperation, support to macro-economic policies linked to social sector programmes, transport, sustainable rural development and food security and institutional capacity building, good governance and rule of the law. Environment is a cross-cutting issue, which needs to be integrated into all six priority themes in order to make development sustainable.
3. 'Climate Change in the Context of Development Cooperation' COM (2003) 85 final.
4. This project-based mechanism was established by the Kyoto Protocol and has the two-fold objective of contributing to the ultimate objective of the UNFCCC and assisting developing countries in achieving sustainable development. In practice, it allows developed countries with greenhouse gas (GHG) reduction targets to earn emission reduction credits through investing in GHG reduction in developing countries, i.e. to take advantage of lower abatement costs in developing countries. They can thereafter use the credits earned to partly meet their own emission reduction targets. In effect, this makes the CDM an economic incentive for the greening of Foreign Direct Investment. The CDM is primarily to be driven by the private sector and is expected to be a good vehicle for the transfer of clean and modern technologies in developing countries while delivering real development benefits.
5. Environment Council conclusions, 6 October 1998, Development Council conclusions, 11 November 1999.