Greening EU Development Cooperation

Part II: Key tools and instruments

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Agenda

- Key messages from the introductory webinar

- EU cycle of operations: entry points for environment and climate change

- Mainstreaming in programming and the Country Environmental Profile

- Environment and climate risk screening

- Environmental Impact Assessment (EIA)

- Environmental Management Plan (EMP)

- Climate Risk Assessment (CRA)

- Strategic Environmental Assessment (SEA)

- Tools and instruments in the context of Budget Support

- Tools and instruments in the context of investments

- Q&A

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Mainstreaming environment & climate change

Key messages from the introductory webinar

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Key messages from the introductory webinar (I)

- **Environmental and climate crisis**: bold action urgently needed!

- Environment and climate change are **imperatives for development**

- **Strong policy basis** for integration of environment and climate in EU development cooperation

- **European Green Deal raises new ambitions** on climate change and environment:

  - a transformative agenda with implications for all sectors of EU action

- **More ambitious financial commitments** for climate and environment action

- … environment and climate change are "mainstream" politically!

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Key messages from the introductory webinar (II)

- A **qualitative shift** in environment and climate change integration is required

- From "Mainstreaming" to "**Greening**"

- Beyond "**Do no harm**" (a minimum) … to "**Do more good**"
  - supporting the right programmes in transformative areas

- From Env & CC as "afterthoughts" to **core objectives** and part of our **way of thinking**

- The earlier the better … **Programming is key**

- Need to adapt to **evolving modalities**: policy dialogue, investments, budget, PFM

- Greening is **everyone's responsibility**

- Guidance and support from HQ available Cap4Dev – toolbox and Mainstreaming Facility

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The EU development cooperation cycle

Entry points for environment and climate change

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Environment and climate risk screening

Strategic Environmental Assessment (SEA)

Environmental Impact Assessment (EIA)

Climate Risk Assessment (CRA)

Identification/formulation studies

Budget support eligibility assessment

Environmental Management Plan (EMP)

Climate Risk Management Plan (CRMP)
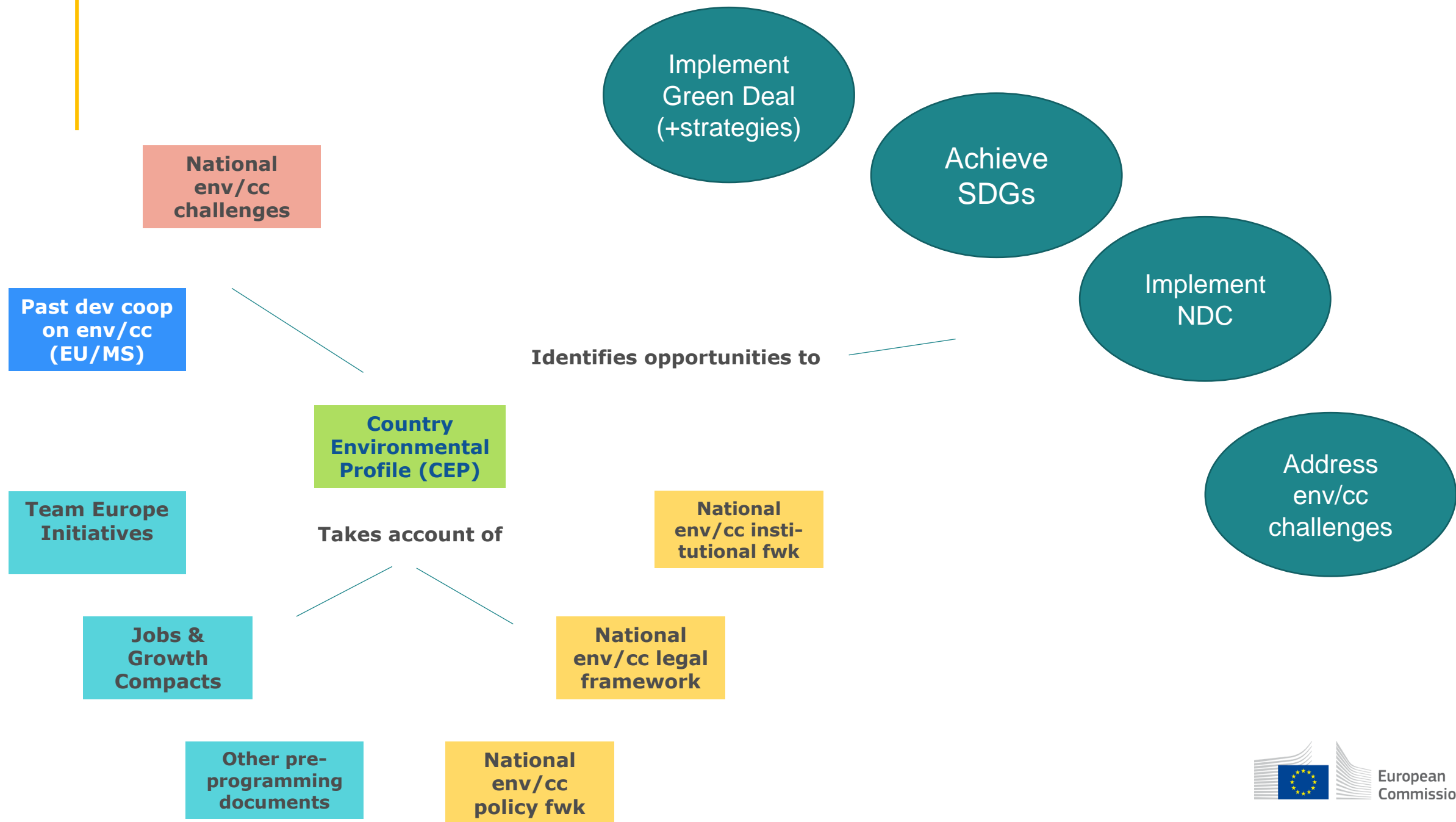
Performance indicators

Monitoring missions

ROM

Identification & formulation

Programming

Policy dialogue

Implementation

Evaluation

Country Environmental Profile (CEP)

Mid-term evaluations

Final evaluations

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Mainstreaming in programming

The Country Environmental Profile (CEP)

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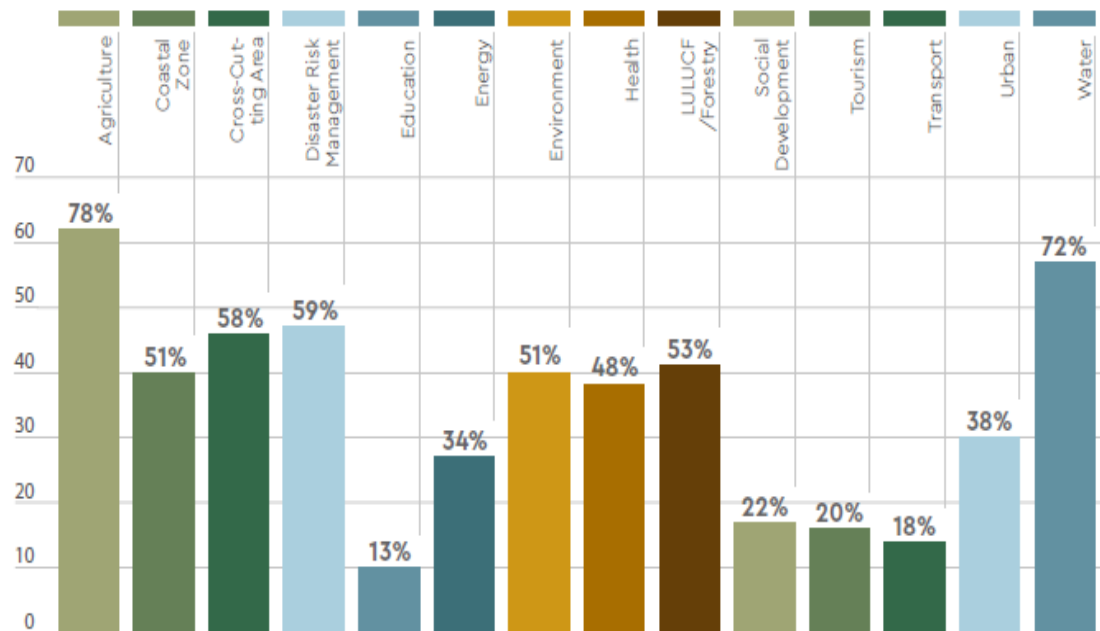
CEP – some key considerations

- Why not simply use an existing state of the environment report?

- New CEP or update?

- ToR in "Guidelines" need update

  o Climate change, Green Deal, etc.

- Regional Environmental Profile?

Framework Contract AMS/451 Lot N°6
Request for Services N°2005/102581

Country Environmental Profile
Indonesia
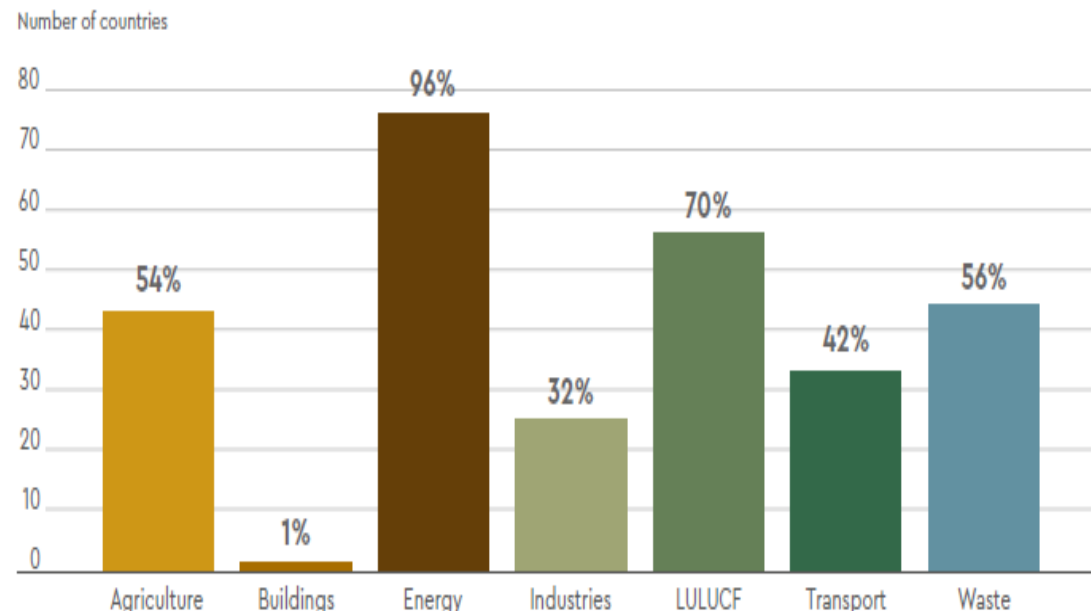
Draft Report

July 2005

MWH

Key message:

alignment to the Green Deal and contributing to NDC does not imply abandoning other sectors!

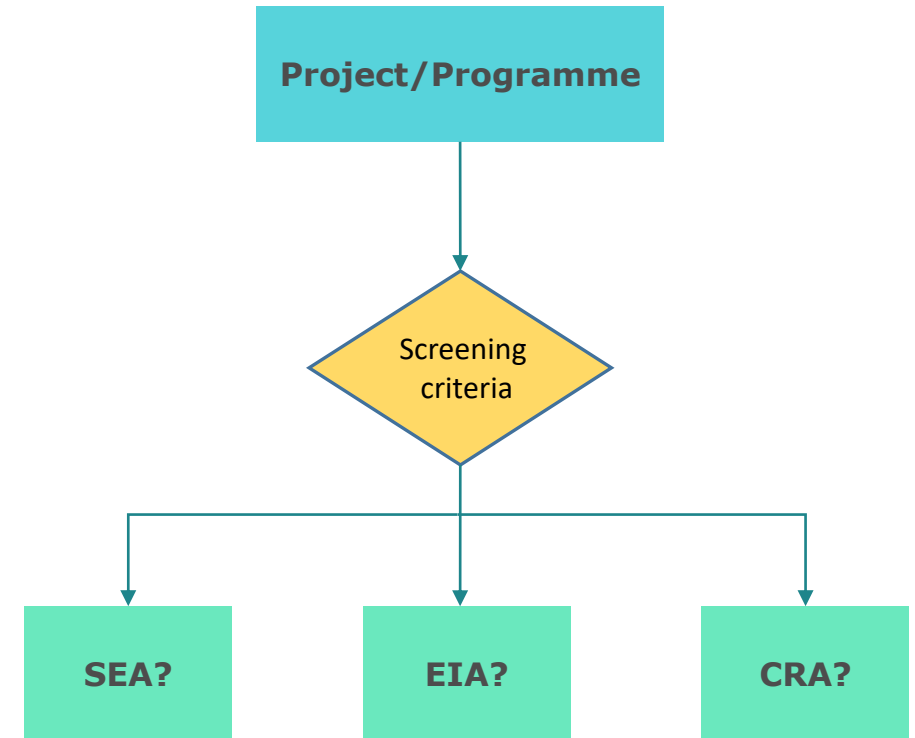Adaptation sectors covered by ACP countries' (I)NDCs (in number of countries and percentages)

Mitigation sectors covered by ACP countries' (I)NDCs (in number of countries and percentages)

Environment and climate risk screening

Environment & climate risk screening

- Annex 3 of the Guidelines

- Helps decide on the need for:

    - A Strategic Environmental Assessment (SEA);

    - An Environmental Impact Assessment (EIA); and/or

    - A Climate Risk Assessment (CRA)

- The screening process gives us hints for better integration, even if dedicated tools are not necessary

Environment & climate risk screening

SEA screening

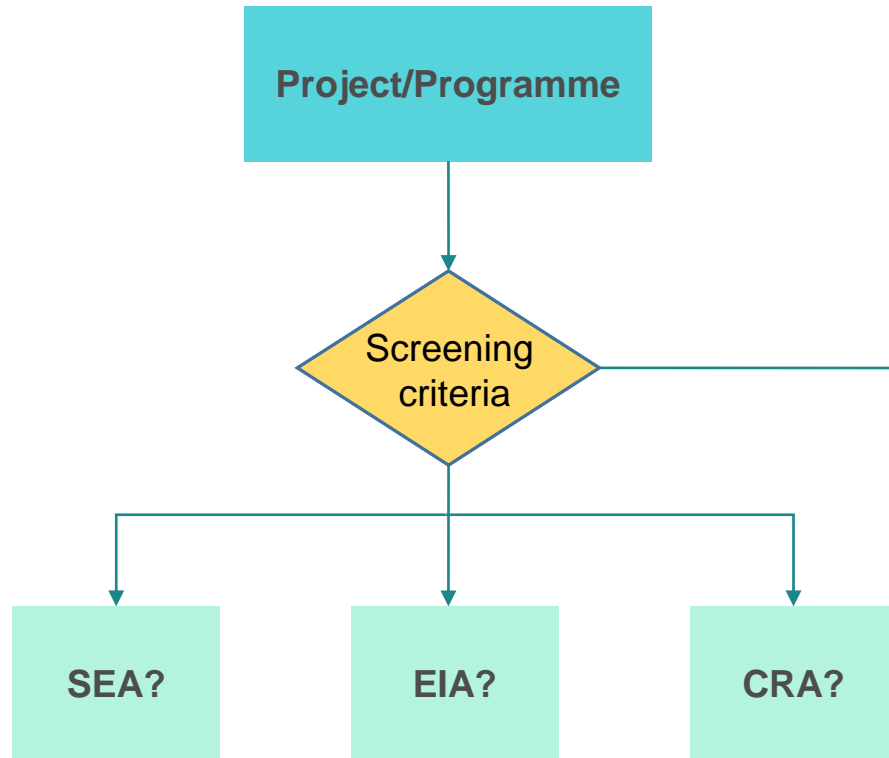- Sensitive sectors (e.g. agriculture, energy)

- Aid modality

EIA screening

- National legislation

- "Positive" list (Categories A, B, C)

- Screening questionnaire

CRA screening

- Screening questionnaire

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And if no dedicated tools are needed?

Project/Programme

Screening criteria

SEA? EIA? CRA?

The green lenses approach

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Environmental Impact Assessment (EIA)

Environmental Impact Assessment

"the **process** of **identifying, predicting, evaluating and mitigating** the bio-physical, social and other relevant effects of development proposals **prior to** major decisions being taken and commitments made"

- IAIA (International Association for Impact Assessment)
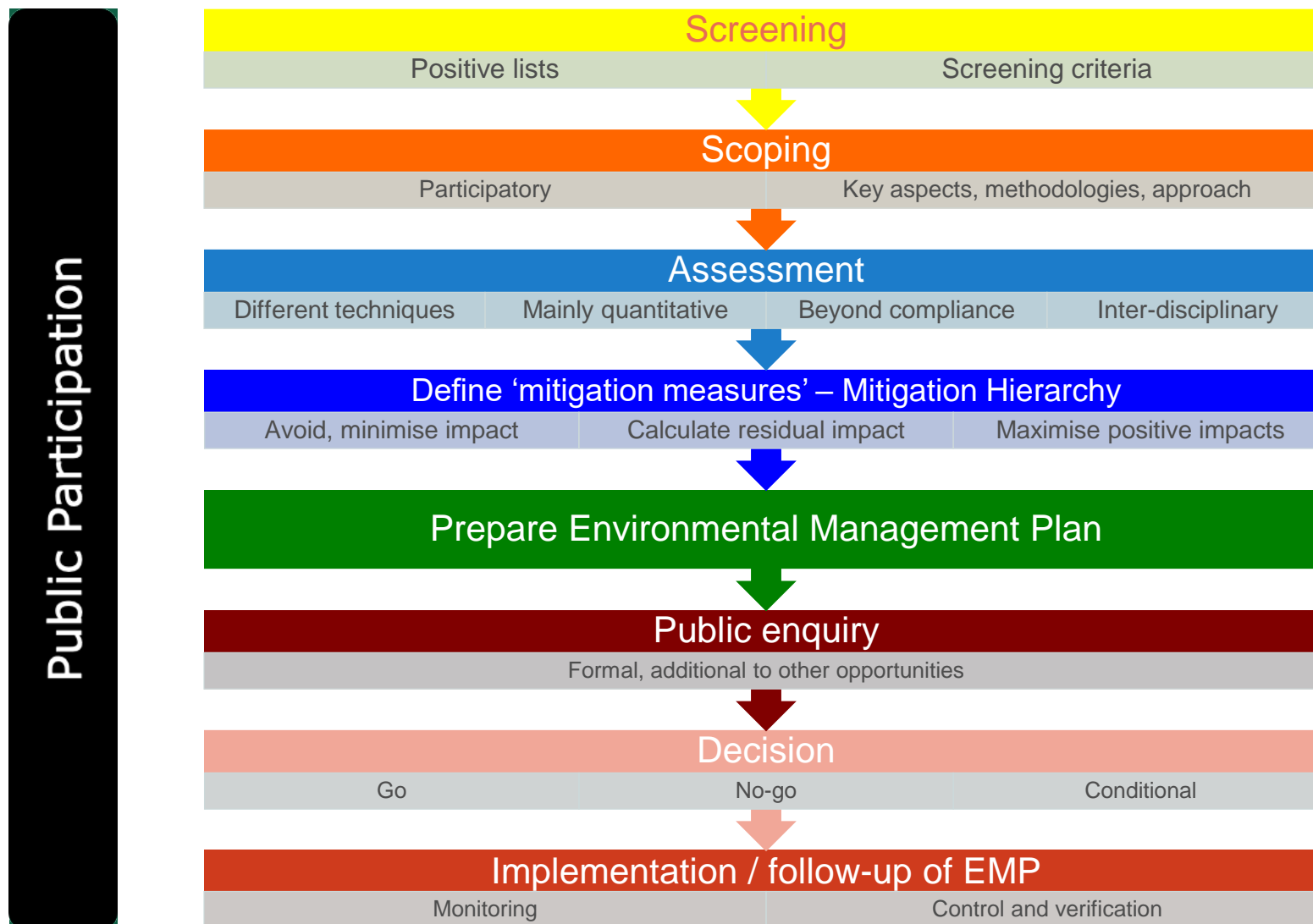
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EIA Screening

Applicability of the **EU EIA Directive** (in accordance with **Common Implementing Rules** for implementation of the Union's instruments for financing external action)

- If required by national legislation
- Category A projects: mandatory
- Category B projects: decision on a case-by-case basis according to criteria
- Category C projects: not required

EIA – the process

Public Participation

Screening	
Positive lists	Screening criteria

↓

Scoping	
Participatory	Key aspects, methodologies, approach

↓

Assessment			
Different techniques	Mainly quantitative	Beyond compliance	Inter-disciplinary

↓

Define 'mitigation measures' – Mitigation Hierarchy		
Avoid, minimise impact	Calculate residual impact	Maximise positive impacts

↓

Prepare Environmental Management Plan

↓

Public enquiry
Formal, additional to other opportunities

↓

Decision		
Go	No-go	Conditional

↓

Implementation / follow-up of EMP	
Monitoring	Control and verification

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EIA – key contents to highlight

- Non-technical summary

- Analysis of alternatives

- Cumulative impacts

- Climate vulnerability

- Vulnerability to major accidents and/or disasters

- All phases of the project

- Associated developments

- Transboundary consultations

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The mitigation hierarchy

Environmental Management Plan (EMP)

- Details for implementation and monitoring of mitigation measures

- What? Who? When? How much?

- Must be reflected in contractual documents

- Link to monitoring and evaluation

EIA – the role of the EU delegation

Screening for EIA

Verify national systems are up to EU standard

Quality check ToR

Quality check EIA/EMP

Reflect EMP in contractual documents and project monitoring indicators

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EIA in the context of blending

Environmental & Social Safeguards of lead Financial Institution apply

IFC Performance Standards as international benchmark

Need to verify applicable standards and their quality – special attention to intermediary FIs!

Reflect EMP in contractual conditions and monitoring system

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Climate Risk Assessment (CRA)

CRA objectives

- Reduce the project´s vulnerability to climate change

- Reduce climate damage by preventive measures

- Optimise positive impacts

- …through technical/scientific studies and stakeholder consultations

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CRA and EIA synergies

Under the EU EIA directive, EIA process requires assessing the project´s vulnerability to climate change

No often found in national EIA systems

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Justified measures in the face of uncertainty

- "No regret" measures

  - Produce net benefits for society even in absence of climate change

- "Low regret" measures

  - Have an acceptable cost for society in view of their benefits

- "Robust" measures

  - Produce net benefits or deliver good outcomes across various possible scenarios

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CRA Screening

Screening questionnaire

(Annex 3 of the "Mainstreaming" Guidelines)

- **Part A:** Project exposure

- **Part B:** Potential impacts

- **Part C:** Risk mitigation capacity

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Alternative screening tools

- CRiSTAL (Community-based Risk Screening Tool

- WB Climate & Disaster Risk Screening Tool

- CEDRA (Climate change and environmental degradation risk and adaptation assessment)

- Many others…

See: https://climatescreeningtools.worldbank.org/complementary-risk-analysis-tools

CRA example – Anguilla Solar PV project

- 1 MW grid-connected, ground mounted solar PV project
- EIB required a Climate Vulnerability Assessment
- PV plant most sensitive to wind
  - Data show wind gusts up to 140 mph
  - Could damage system components
  - Corrected for CC: projected gusts of 155 mpg
  - Other data: increase in Category 4 and 5 hurricanes
  - Design for 1 in 150 year events
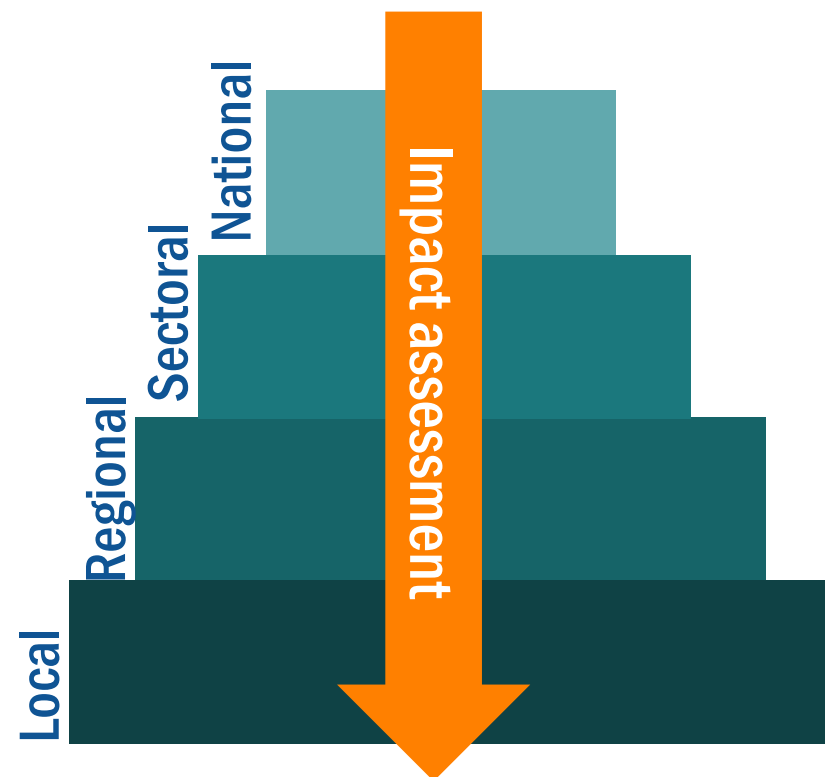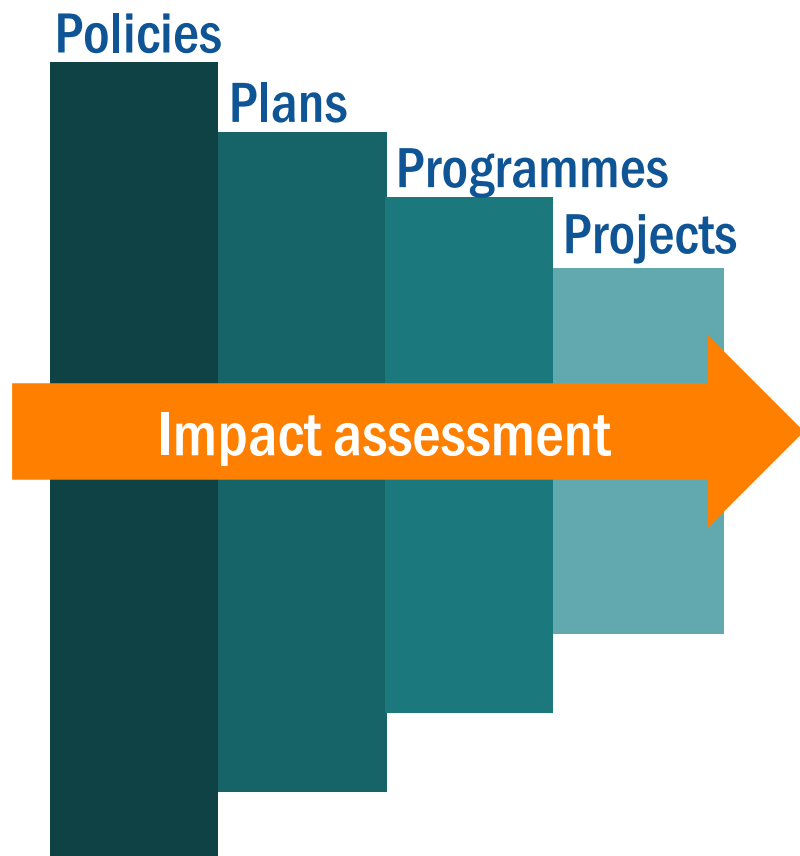
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Strategic Environmental Assessment

"the **process** and tool for evaluating effects of proposed policies, plans and programmes on natural resources, social, cultural and economic conditions and the institutional environment in which decisions are made"
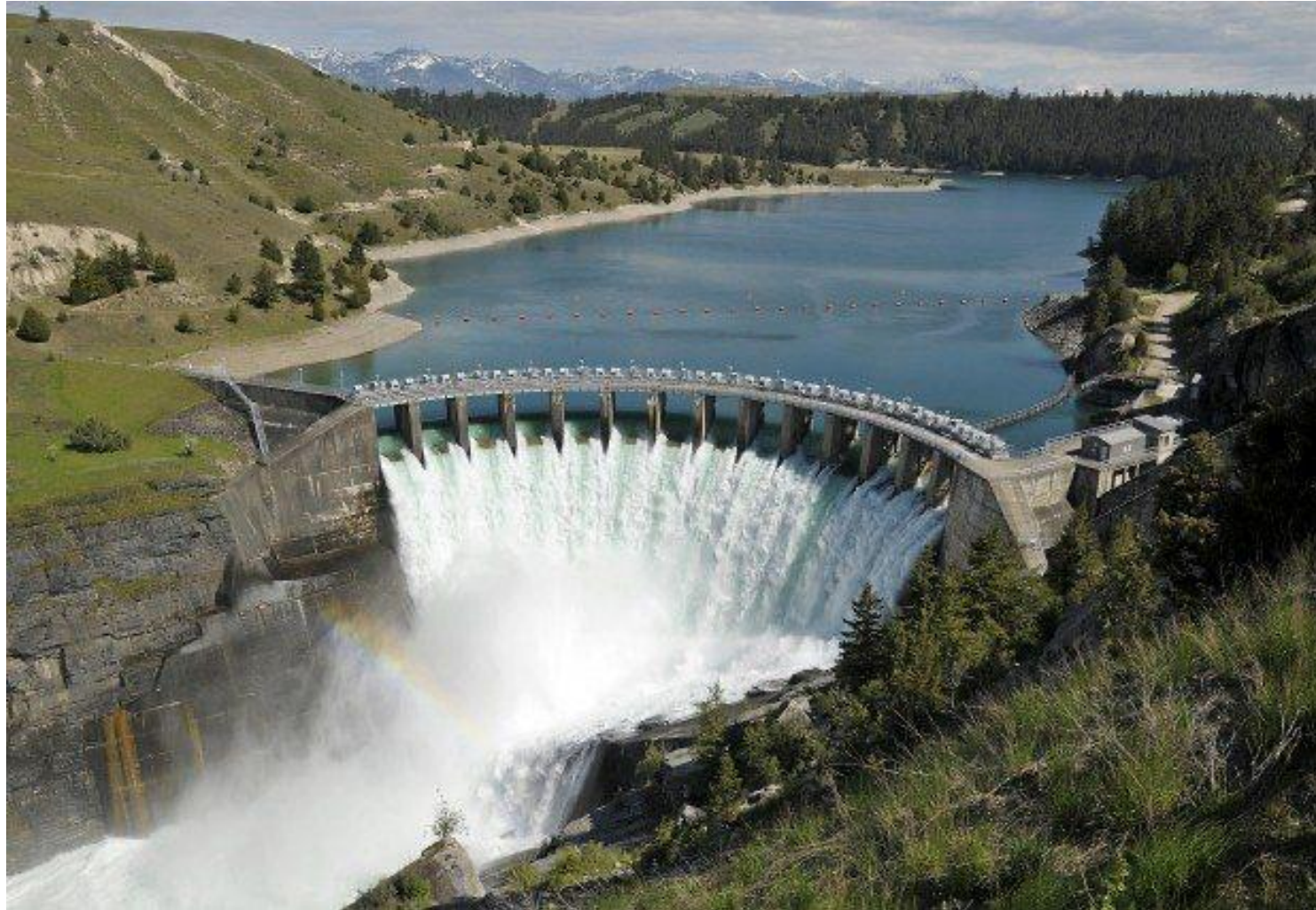
- IAIA (International Association for Impact Assessment)

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Tiering approach

Policies

Plans

Programmes

Projects

Impact assessment

National

Sectoral

Regional

Local

Impact assessment

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EIA: we know what we want to assess

SEA: we have an idea of what we want, but don't know exactly what will be done

SEA vis-à-vis EIA

EIA	SEA
Project-level	Policies, plans & programmes
Focus on informing development consent authorisation process	Focus on enhancing policy-making/planning process
Relatively standard approach	Different approaches available
Quantitative analyses dominate	Qualitative analyses dominate
Analyses alternatives within a project	Analyses alternatives to achieve strategic objectives

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DEVCO's approach to SEA

Common to most SEA systems:

What are the **likely environmental consequences** of implementing the policy/plan/programme?
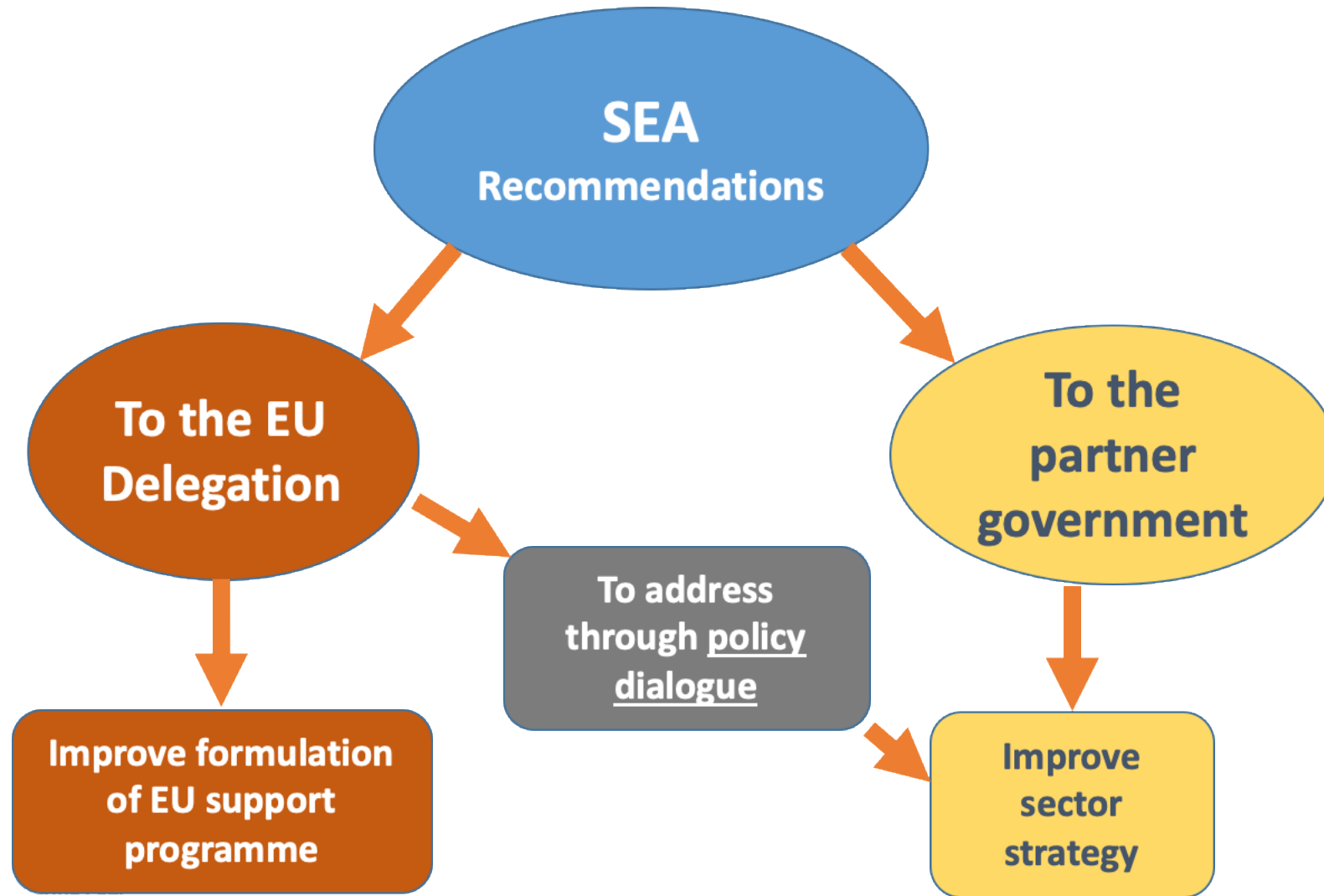
DEVCO's approach to SEA

- Are **environmental threats** faced by the sector addressed?

- Are potential **effects of climate change** on the sector addressed?

- Opportunities to contribute to the **Green Deal priorities**?

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When can SEA be useful?

- When providing **budget support** to an environmentally-sensitive sector

  o To assess budget support eligibility criteria

  o To inform the BS programme preparation

  o To identify performance indicators

- When providing broad **strategic-level support**

- When supporting sectoral **policy-making and planning processes**
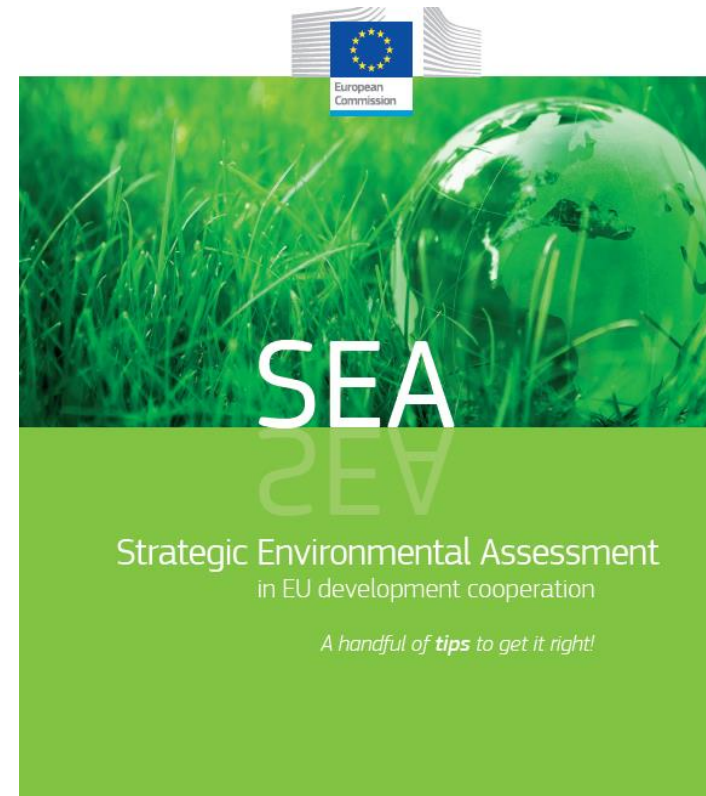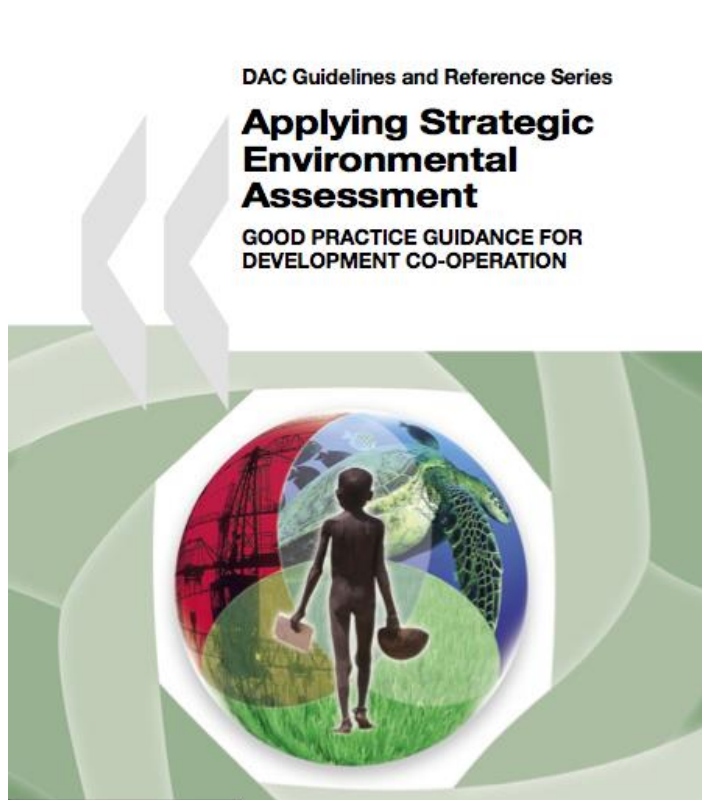

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Example: SEA of Zambia's sugar adaptation strategy

- Introduction of new industrial sector: ethanol distilling

- Potential impacts: vinasse management

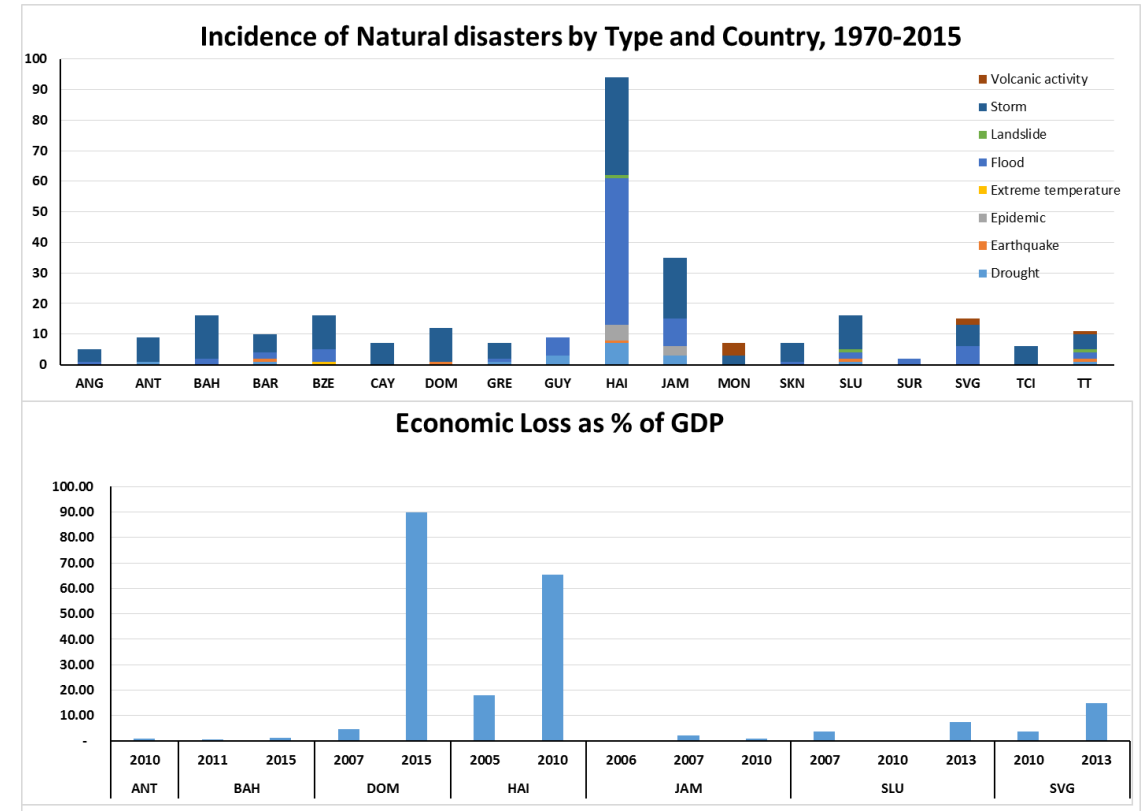- Addressing risks at strategic level: strengthening capacities of the environmental protection agency

SEA Guidance

Tools and instruments in the context of budget support

General considerations for greening budget support

- To consider environment and climate change in:

  - Risk Management Framework (e.g. developmental and macroeconomic risks)

  - Eligibility criteria (sector strategy)

    - National/sectoral policies and reforms
    - Stable macro-economic framework
    - Public Financial Management
    - Transparency and oversight of the budget

Incidence of Natural disasters by Type and Country, 1970-2015

Legend:
- Volcanic activity
- Storm
- Landslide
- Flood
- Extreme temperature
- Epidemic
- Earthquake
- Drought

Countries: ANG, ANT, BAH, BAR, BZE, CAY, DOM, GRE, GUY, HAI, JAM, MON, SKN, SLU, SUR, SVG, TCI, TT

Economic Loss as % of GDP

Country	Years
ANT	2010, 2011, 2015
BAH	2007, 2015
DOM	2005, 2010
HAI	2006, 2007, 2010
JAM	2007, 2010, 2013
SLU	2010, 2013
SVG	

SOURCE: *EM-DAT Disaster Database, www.em-dat.be*, Université Catholique de Louvain, Brussels, Belgium

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Key tools

- Greening the **policy dialogue**

- **Strategic Environmental Assessment** (SEA)

- Greening **PFM**

  - Greening budgets and budgeting systems

  - Public Environmental Expenditure Reviews (PEER) / Climate Public Expenditure and Institutional Reviews (CPEIR)

  - Environmental Fiscal Reform (EFR)

  - Addressing perverse subsidies

  - Environmental accounting

  - Enhancing access to climate finance, etc.

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Tools and instruments in the context of investments

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What can we do to promote sustainable investments? When do we intervene and how?

- Alignment to the Green Deal and promoting transformative change

  - Identification of pipeline of projects

  - Designing Guarantees

- Ensure environmental additionality

- Understand ESG safeguards of the lead FI and promote high standards

- Examine the application of ESG safeguards in the context of intermediary FIs

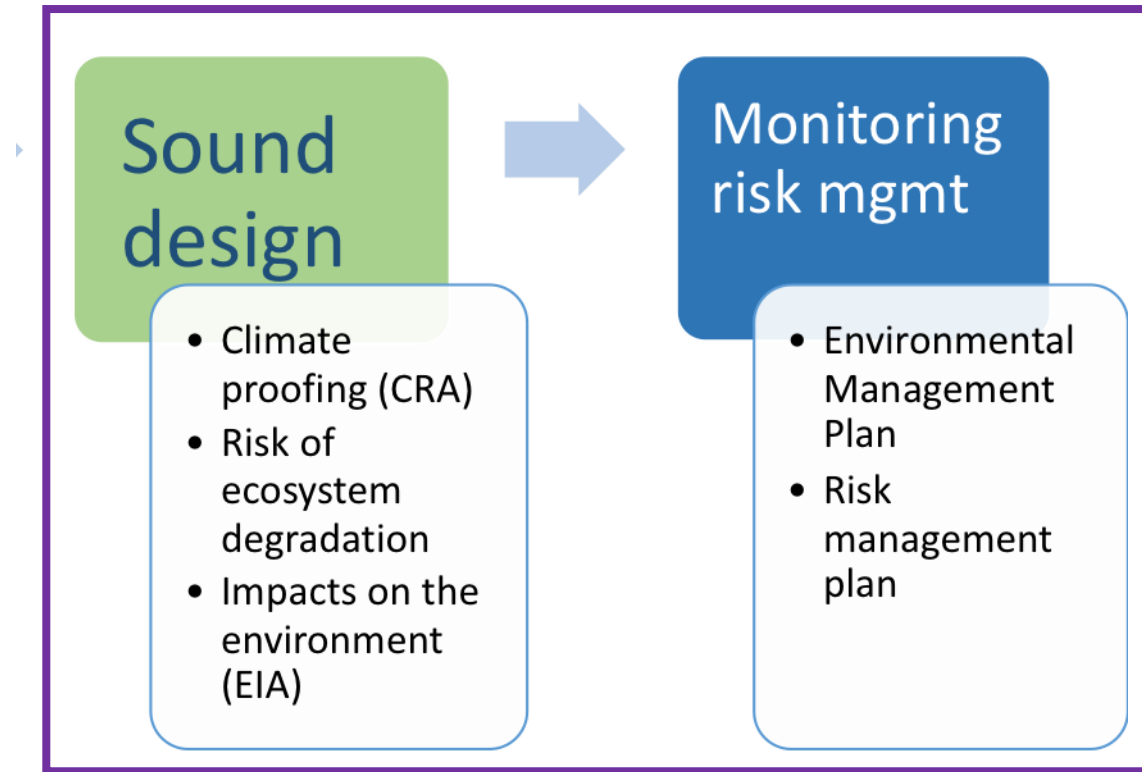- Our involvement in project assessment and monitoring

EU Taxonomy of Sustainable Finance promoting green investments

- Provides guidance on what is considered sustainable finance

- Sets technical screening criteria for economic activities:

Substantially contribute
to at least one of the six environmental objectives as defined in the Regulation

+

Do no significant harm
to any of the other five environmental objectives as defined in the proposed Regulation

+

Comply with **minimum safeguards**

Climate change mitigation

Climate change adaptation

sustainable and protection of water and marine resources;

transition to a circular economy

pollution prevention and control;

protection and restoration of biodiversity and ecosystems.

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Doing things right is not enough…

"Doing the Right Things"   "Doing Things Right"

Q&A

Greening EU **COOPERATION**
Integrating environment & climate change

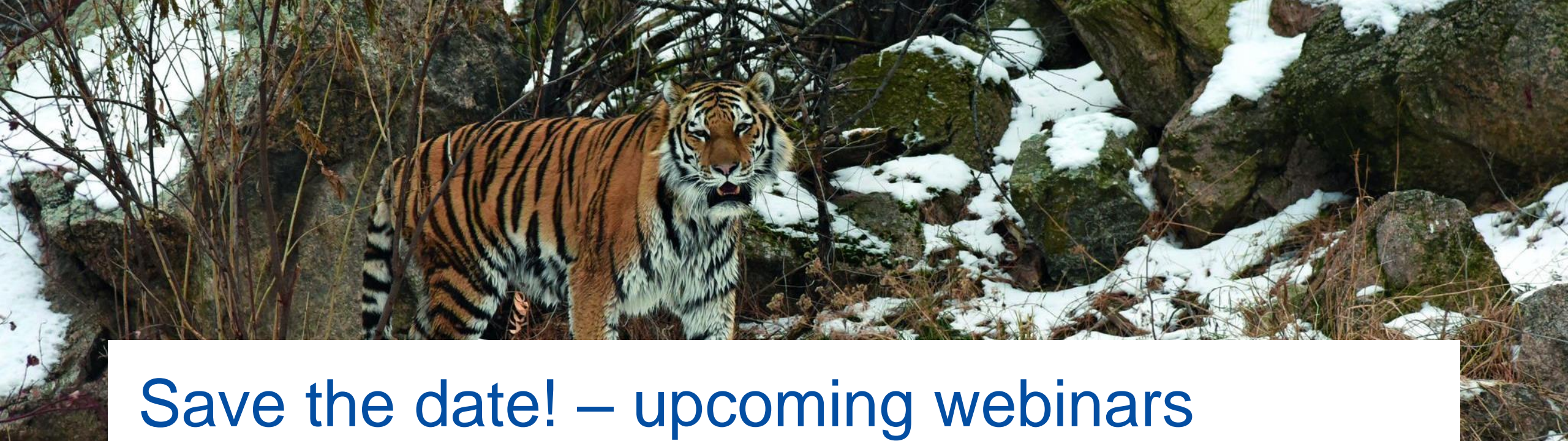# EuropeAid-C2-MAINSTREAMING@ec.europa.eu

Further information

and

technical assistance

Guidance documents available in:

capacity4dev.eu (public group on Environment, Climate Change and Green Economy)

Guidelines N°6: Integrating the environment and climate change into EU international cooperation

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Save the date! – upcoming webinars

- Greening EU Development Cooperation II: key tools and instruments – 15 Sept 2020

- Greening EU Development Cooperation: Crash course for top management – 13 Oct 2020

- Updates on international climate negotiations – 22 Sept 2020

- Introduction to the circular economy – 29 Sept 2020

- Updates on international biodiversity and desertification negotiations – dates tbd

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Thank you

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