

**Danida**

Royal Danish Ministry of Foreign Affairs

# Environmental Strategy



Strategy for Denmark's environmental  
assistance to developing countries 2004-2008

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# Contents

<b>1. Summary and priorities</b>	<b>5</b>
<b>2. Framework for environmental assistance in developing countries</b>	<b>9</b>
2.1 “A World of Difference”	9
2.2 The international development agenda	10
2.3 “Partnership 2000”	12
<b>3. Experiences from Danish environmental assistance up to now</b>	<b>13</b>
3.1 Environment as a crosscutting issue	15
3.2 Multilateral environmental co-operation	16
3.3 Environmental assistance within the programme co-operation	18
3.4 The special environmental assistance in developing countries	19
<b>4. Future Danish environmental assistance 2004-08</b>	<b>22</b>
4.1 Targets for the environmental assistance	22
4.2 Environment as a crosscutting issue	23
4.2.1 Poverty reduction strategies and environment	23
4.2.2 International conventions on the environment	24
4.2.3 Environment as a crosscutting issue in sector programmes	25
4.3 Trade and development	25
4.4 Multilateral co-operation on environment	26
4.5 Bilateral co-operation on environment–programme co-operation and special environmental assistance	29
4.5.1 Areas of intervention	29
4.5.2 Programme planning	33
4.5.3 Countries of co-operation	34
4.5.4 Partners of co-operation at country level	38



# 1. Summary and priorities

In “A World of Difference”, the Danish government has outlined its position on new priorities for Danish development assistance in 2004-08<sup>1</sup>. Poverty alleviation remains the main challenge and is a prerequisite for stable, sustainable development in a world in which more than one billion people live in dire poverty. At the same time it is necessary to enhance the environmental sustainability of aid programmes so as to secure the desired global stability and development. The government will therefore strengthen its development policy through a significant focus on the environment.

The strengthening of environmental assistance in developing countries involves the incorporation of special environmental assistance into general development programmes. Environment as a crosscutting issue will receive increased attention and international environmental activities will receive increased funding. Danish efforts to combat global warming will include a focus on a correlation of environmental assistance and the use of the Kyoto Protocol’s flexible mechanisms.

The purpose of this strategy is to outline targets, principles and priorities for Denmark’s environmental and environmentally related assistance to developing countries in 2004-08. The strategy takes the existing environmental programme into consideration to ensure that future effort is founded on experience and those results already obtained.

The strategy is the basis for the actual implementation of environmental assistance<sup>2</sup>. It covers the entire range of activities in developmental co-operation, including:

- Environment as a crosscutting issue
- Environment in multilateral co-operation
- Environmental issues in programme co-operation
- Special environmental assistance

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1 “A World of Difference” – the government’s position on new priorities for Danish development assistance 2004-2008 can be found on the Ministry of Foreign Affairs’ homepage, [www.um.dk](http://www.um.dk)

2 Unless otherwise specified, “environmental assistance” in this strategy means environmental assistance to developing countries

The integration of special environmental assistance into regular development sector programmes implies that the aim of environmental assistance to developing countries is to increase sustainable development and, as an integrated part of poverty alleviation, to limit the damage to the environment. This will happen by assisting the developing countries in the handling of environmental challenges and by enhancing their ability to take responsibility for the environment themselves. The environmental assistance will be carried out within the framework of “Partnership 2000”, Danida’s overall strategy for development co-operation. The assistance will be implemented through partnerships with the countries of co-operation and will be based on the national strategies for poverty reduction and sustainable development. Gender equality, human rights and democracy – including good governance – will be crosscutting issues. Similarly, multilateral environmental efforts will be governed by the principles of active multilateralism. Co-ordination and synergy between bilateral and multilateral environmental efforts will also be a priority, for example in the implementation of international conventions and in the attention paid to the environment as a crosscutting issue in the bilateral co-operation components in the work of international organisations. The environmental assistance will be governed by existing guidelines for development aid, including “A Strategy for the Support to the Development of Civil Society” (which also covers co-operation with Danish NGO’s) and “Aid Management Guidelines”.

The special development assistance covers poor countries as well as a number of middle-income ones. The existing assistance has contributed to the development and implementation of protection of nature and the environment and to sustainable development. In middle-income countries, with rapidly growing environmental problems, the assistance has contributed to efficient solutions that have also benefited other countries in the respective regions. The special environmental assistance will therefore be sustained in poor as well as middle-income countries. The environmental assistance will simultaneously support the implementation of the Danish government’s climate strategy through development of projects that can subsequently lead to purchases of CO2 credits from developing countries. The contribution towards fulfilment of the “Millennium Goals for Development” will be another benchmark against which Danish environmental assistance will be measured.

A number of independent evaluations of environmental assistance have been carried out in recent years. They show that the countries of co-operation have embarked on a course that will lead to the establishment of well-functioning frameworks for national environmental efforts to prevent and remedy environmental problems and contribute towards sustainable development. The long-term nature of environmental assistance is highlighted – a sustained effort over a long period is necessary to ensure that results become rooted and are disseminated widely. Only a few countries have prioritised the relationship between poverty and environment in their national poverty reduction strat-

egies. There is a need to develop methods and tools to make sure this happens more often. The evaluations also demonstrate the potential for promoting the environment as a crosscutting issue. Furthermore, there is a need to continue efforts to make the environment a priority in international organisations and in the development banks. The evaluations emphasise the importance of cohesion between concrete activities with short-term results and longer-term capacity building and policy development at national, regional and local levels. This is necessary to ensure that results will be sustained in the long term. The special environmental assistance has had particularly good results in projects involving urban environment, sustainable energy and the management of natural resources.

The main priorities and operational targets for Denmark's international environmental assistance and co-operation with the developing countries in the period 2004-08 will be:

- To improve sustainable development and limit environmental degradation at global, national and local levels within the overall development policy objective of poverty alleviation. This will happen through assistance in management of environmental challenges and by enhancing the developing countries' ability ultimately to bear the responsibility themselves.
- To upgrade the environment as a crosscutting issue in the bilateral as well as multilateral development co-operation. Special attention will be paid to the incorporation of environmental issues in national poverty reduction strategies, to national strategies for sustainable development and to environmental analyses in sector programmes.
- To continue to prioritise assistance to focussed development and the implementation of international environmental conventions and agreements – including the plan of action from the World Summit for Sustainable Development in Johannesburg – in bilateral and multilateral development co-operation.
- To upgrade and strengthen international environmental co-operation within multilateral assistance – particularly with regard to efforts involving water, energy, chemicals and climate. This will include increased contributions to the global climate foundations.
- To work for a substantial replenishment of funds in the Global Environmental Facility (GEF).
- To focus the bilateral and the special environmental assistance on three areas: urban and industrial environment, sustainable energy and management of natural resources.
- To continue special environmental assistance in Southern Africa, in the Republic of South Africa, Mozambique, Zambia and Tanzania and to start a similar programme in Kenya.

- To continue special environmental assistance in Southeast Asia, in Cambodia, Vietnam, Thailand and Malaysia (the latter, however, only in energy) and to start similar programmes in Indonesia and China (the latter, however, only covering energy).
- To reorganise the special environmental assistance by applying a long-term programme approach in line with the sector programme assistance used in traditional development aid.
- To concentrate co-operation on Clean Development Mechanism (CDM) projects in five countries: South Africa, Thailand, Malaysia, Indonesia and China.

Monitoring of the environmental strategy implementation will be integrated into the ongoing monitoring of development co-operation.

## 2. Framework for environmental assistance in developing countries

### 2.1 “A World of Difference”

In June 2003, the Danish government presented “A World of Difference”, a framework for development assistance over the next five years. “A World of Difference” has alleviation of poverty as its focal point. An efficient effort against the problems allied with poverty is a prerequisite for stable and sustainable global development. Hence alleviation of global poverty is also the basic challenge for Danish development aid. Simultaneously, “A World of Difference” emphasises the close relationship between environmental and developmental problems. This is true on both a local level in the poorest countries and on a global level. Environmental assistance thus becomes part of overall foreign policy.

The government intends to strengthen its development policy by focusing Danish development assistance in five areas, one of them being the environment. Aid will be streamlined in a long-term framework to secure maximum effect and sustainability. Concentrating the efforts on a limited number of countries – the countries of programme co-operation – ought to achieve this, as should decentralisation, which delegates the management of aid to the diplomatic missions in the countries of programme co-operation. The special environmental assistance will remain a separate budget line but will be integrated into general development assistance. The special environmental focus in this particular programme will remain. The multilateral efforts in the field of environment will be strengthened with a continued focus on sustainable development and long-term alleviation of poverty.

The government’s climate strategy forms part of the basis for “A World of Difference”. The strategy emphasises that the Danish response to the threat of global warming will include the flexible mechanisms in the Kyoto Protocol. The government has thus allocated funds to buy CO<sub>2</sub> credits from – among others – the so-called Clean Development Mechanism (CDM) projects. These are technical interventions that limit the emissions of greenhouse gases in developing countries. The use of CDM will simultaneously transfer capital and technology to the developing countries and in a cost-efficient manner contribute to industrialised countries’ fulfilment of their obligations to reduce emissions.

## 2.2 The international development agenda

The governing framework for the global effort towards development and poverty alleviation is the Millennium Development Goals. These were formulated in the declaration of the UN's Millennium Summit in September 2000 and are based on the existing conditions in 1990. The eight targets are:

- Target 1: To halve poverty
- Target 2: To ensure schooling for all children
- Target 3: To ensure gender equality
- Target 4: To reduce child mortality by two-thirds
- Target 5: To reduce by three-quarters the ratio of women who die in childbirth
- Target 6: To combat HIV/AIDS, malaria and other diseases
- Target 7: To ensure environmental sustainability
- Target 8: To develop a global partnership for development.

The sub-targets for target 7 – to ensure environmental sustainability – are:

- To integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources
- By 2015, to reduce by half the proportion of people without access to safe drinking water
- By 2020, to achieve significant improvement in the lives of at least 100 million slum dwellers.

Since the Millennium Summit the targets and the ways to achieve the targets have been discussed further. The ministerial conference of the World Trade Organisation (WTO) in Doha in 2001 initiated a process of involving developing countries in world trade. This was based on the realisation that real, mutual free trade has a major impact on growth and by implication the fight against poverty. At the UN conference in Monterrey in 2002 on financing development, the developing world and rich countries agreed to increase the momentum of global co-operation on aid through partnerships. In order to reach this goal, rich countries promised to increase development assistance while poor countries agreed to put more emphasis on good governance, democratic institutions and respect for human rights.

The World Summit on Sustainable Development in Johannesburg in 2002 built on the results of these meetings. The summit agreed to sustain and reinforce the global efforts for sustainable development that originated at the Rio Summit on Environment and Development in 1992. Focus would now be on implementation. It was emphasised that sustainable development depends on and involves balanced economic development, social development and protection of the environment. Environmental efforts in

the developing countries must therefore be seen in conjunction with other assistance rather than as an isolated area of intervention. The meeting stressed the need for comprehensive thinking, involving environment, development and trade – and the interaction between public and private finance. Once again, the connection between good governance, international development assistance and the achievement of concrete targets for the environment and within the development assistance in general – and poverty alleviation in particular – was pointed out.

Hence the Johannesburg summit's plan of action reflects agreement on the need to place an emphasis on poverty alleviation, development of sustainable patterns of production and consumption, protection of natural resources and good governance. Finally, the summit agreed to aim higher in a number of areas, known as the Johannesburg Targets. These include among others:

- To supplement the target of halving the number of people without access to clean water in 2015 with the target of halving the number of people without access to basic sanitation.
- To establish integrated water resource plans in all countries before 2005.
- To replenish and regulate fish stocks before 2010.
- To ensure that the use and production of chemicals involves minimum risk for, and effect on, health and the environment before 2020.
- To reduce the loss of biodiversity significantly before 2010.
- To start implementation of national strategies on sustainability before 2005.
- To establish a 10-year set of programmes for sustainable production and consumption that addresses problems relating to the decoupling of economical growth and pressures on the environment and natural resources.
- To increase substantially, as soon as possible, sustainable energy's share of the total energy production.
- To secure good governance and respect for human rights as a prerequisite for sustainable development.

Both the realisation of the Millennium Development Goals and the implementation of the plan of action from the Johannesburg summit form part of the basis for the priorities in "A World of Difference". The implementation of the present environmental strategy will thus also contribute to carrying out the "The Danish Action Plan for the Implementation of the Johannesburg Targets for Development" and the realisation of the Millennium Development Goals. These efforts will include the development of indicators and methods to monitor achievements that, wherever possible, will be rooted in the co-operation with individual countries.

### 2.3 “Partnership 2000”

Environmental support to developing countries is planned and carried out through partnerships guided by the objectives, framework and methods described in “Partnership 2000”<sup>3</sup>. Human rights and democratisation – including good governance – and gender equality are included as crosscutting issues. Indigenous peoples’ role in sustainable development is acknowledged and in relevant cases included in the programmes. The objective of the environmental assistance<sup>3</sup> is realised through a combination of the developing countries’ own efforts and the support given through bilateral and multilateral co-operation.

By placing the entire environmental assistance within the overall objectives and principles for Danish development assistance which is described in “A World of Difference”, the Millennium Development Goals and “Partnership 2000”, the principles for implementation of the assistance may be summed up in eight points:

- Partnership
- Ownership, based on national strategies for poverty reduction and sustainable development
- Harmonisation and donor co-ordination
- Policy development through dialogue
- Support to capacity building
- Flexibility in choice of co-operation partners
- Reliable financial management
- Performance management and evaluation

“Partnership 2000” further implies that the entire environmental assistance is carried out under the guidelines for planning and implementation of development assistance<sup>4</sup>, including the civil society strategy. This means that development and implementation of programmes under the special environmental assistance methodology will be comparable to the sector programme support.

As part of the decentralisation of development co-operation, the special environmental assistance in programme co-operation countries and in South Africa is also decentralised. In Cambodia, Malaysia and Thailand – which only receive special environmental assistance – decentralisation is in the planning stages.

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<sup>3</sup> “Partnership 2000” can be found on [www.um.dk](http://www.um.dk)

<sup>4</sup> “Aid Management Guidelines” (2003) can be found on [www.um.dk](http://www.um.dk)

### 3. Experiences from Danish environmental assistance up to now

Environmental assistance to developing countries has been based on the fact that the main environmental problems are closely connected to unsuitable use and over-exploitation of natural resources – including forest, land, water and fishing resources – and to pollution in and around fast-growing urban centres. The special environmental assistance has furthermore included sustainable production and use of energy. The support has involved development of methods and solutions that are tested and implemented. A number of them are regarded as state-of-the-art<sup>5</sup>, particularly within urban environment, sustainable energy and natural resources sectors.

#### **Examples from the environmental assistance**

The evaluation of the support to Southeast Asia states that the special environmental assistance has supported groundbreaking projects and created a number of projects at state-of-the-art level.

Among the examples from the assistance to Southeast Asia are:

- The energy programme in Malaysia where capacity building among a broad range of partners led to ambitious targets for the energy sector in the National Development Plan. This included markedly improved efficiency in the use of energy and the substitution with renewable energy sources of five percent of the energy supply. The practical implementation was supported by a simultaneous development of cleaner technology. One example was production of energy using waste from palm oil mills.
- A national project for the urban environment in Thailand (the CODI project) promotes co-operation between more than 1 000 local community groups and organisations working with locally-based improvements to the environment in poor areas. Hundreds of local projects have led to better water supply and waste removal. The project has proved that it is possible to combine the implementation of considerable improvements to the environment with a general strengthening of poor peoples' access to real influence on their own living conditions. The project was largely based

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<sup>5</sup> More examples of environmental assistance can be found in evaluations of for instance the environmental assistance to Southeast Asia (2004) which can be found on [www.evaluering.dk](http://www.evaluering.dk)

on the active participation of women. The evaluation regards this as an important reason for the project's wide distribution and power of penetration in local communities. A similar project in the capital (the BMAI project) has contributed to the development of more transparent planning methods that open the door for direct participation by the community.

- Forestry projects in northern Thailand (including the NGO-COD project) have likewise involved local NGO's and community groups in the development of sustainable forestry. The projects involving independent NGO's as well as public authorities have led to improved forestry, for example by reducing the number of forest fires and improving the use of forest resources. Meanwhile, these lessons have bolstered changes to forestry legislation, which now stipulates that there be local administration – and makes links to poverty alleviation. The methods developed through this project have also been used in villages in the forests of Cambodia.
- In Cambodia, extensive capacity building is ongoing in a number of ministries, primarily dealing with management of natural resources. The project involves information gathering and collection of environmental baseline data, as well as practical problem solving. It has led to an integration of the authorities' efforts, particularly with regards to environment as a crosscutting issue.
- A regional seed bank to support forestry in Cambodia, Laos and Vietnam has started producing seeds, particularly from indigenous woods for replanting of forests, after preparatory capacity building and the establishment of laboratories and test centres.

Among the examples from the assistance to Southern Africa are:

- An urban environment project in the Zambian capital, Lusaka. Following an overall plan and the establishment of an organisational framework for waste removal, a system involving user payment for garbage collection in the entire city was introduced. The last phase, still under planning, will involve the building of a modern, secure waste dump.
- A water resource project in dense settlements in South Africa, including delivery of water as well as wastewater disposal. The project has developed methods to gauge and solve water problems. These methods are tailor-made and can be used by community groups themselves in their own areas. Various methods have been tested in approximately 20 townships. A national strategy has been developed to disseminate the results. Efforts are under way to implement this strategy, finance being one of the main obstacles.

One example of environmental assistance carried out as part of a sector programme within regular development aid:

- A forestry component in the environment and natural resource programme in Nepal, including capacity building and the training of forestry personnel and community groups, improvement of woods, soil improvement and community-based forest management. Forestry management involves more than 12 000 community groups administering close to one million hectares of forest. The project has led to replanting of forest and improved forestry methods, which in turn has resulted in increased productivity, reduced erosion and protection of water resources. This has all contributed towards prevention of lasting destruction of the environment.

### **3.1 Environment as a crosscutting issue**

“Partnership 2000” prescribes that sustainable development is promoted by integrating environmental considerations along with gender equality, human rights and democratisation (including good governance) as crosscutting issues. In the present strategy, the term “environment as a crosscutting issue” is used to cover efforts within co-ordinated multilateral and bilateral activities as well as the more regular meaning of the term: integration of environmental considerations into other sector programmes.

Environmental issues are promoted most efficiently within development assistance in countries where both the poverty reduction strategy papers (PRSP’s) and national strategies for sustainable development include frameworks and priorities for environmental management and poverty alleviation at environmental sector level, as well as for environment as a crosscutting issue. This was only the case in few of the first generation of poverty reduction strategies. Lately donors have focused on assistance to develop the strategies and methods to assess and include issues of environment and sustainability and their indicators. This assistance also includes co-operation with international organisations, particularly the World Bank, in an attempt to develop the PRSP’s and the organisations’ participation in a co-operation on this basis. Denmark has in some cases contributed with analyses of the best ways to include and develop environmental considerations in the PRSP’s, both as a crosscutting issue and in the individual sectors. These analyses have also examined how this development can be supported through institutional and organisational capacity building of the authorities in the countries concerned. Environmental considerations are also made in donor co-ordination and harmonisation that are main principles in development assistance. In this way environmental considerations are also promoted in other bilateral and multilateral donors’ efforts.

In multilateral co-operation, environment as a crosscutting issue forms part of efforts to promote cohesive programmes and to integrate local as well as global environmental considerations into the international organisations’ own activities and into their co-operation with individual countries. This approach is used in UN programmes, in specialised agencies, in funds such as the Bretton Woods institutions, in the development banks and in EU assistance. Danish policy towards these organisations is, as a general

rule, defined in organisational strategies<sup>6</sup> that reflect present priorities, including environment and sustainable development. These strategies are revised on a regular basis. Multilateral organisations show an increased awareness of the need to integrate environmental considerations into their efforts. All of them have included environment as a crosscutting issue. But it remains a challenge to ensure that environmental considerations form part of the assistance.

Further to this general policy, Denmark has specifically supported environment and sustainable development in The World Bank and in the regional development banks, including support to trust funds for environmentally and socially sustainable development, efficient use of energy and implementation of sustainable energy in rural areas. Similar concrete support to environment and sustainable development has been given through the UN Development Programme (UNDP) and the UN Environmental Programme (UNEP), through Danish contributions to the financing of the Global Environmental Facility (GEF) and through financial support to some international environmental NGO's.

In bilateral co-operation, environment as a crosscutting issue is incorporated into country strategies and into the preparation and implementation of sector programme assistance. Incorporation of environment and other crosscutting issues into the sector programmes will contribute towards cohesion in national development efforts and lead to better, more sustainable aid programmes. Environment is included in programming as environmental screening, assessments and action plans at sector or programme level and as environmental impact assessments in the programme components. The analyses must be carried out right from the beginning of the programme development in order to ensure real possibilities of adjusting the assistance according to the recommendations<sup>7</sup>. Promoting environment as a crosscutting issue in sector programmes can lead to capacity building in the sectors involved, including authorities that will become better equipped to deal with the environment. Experiences from the first generation of sector programmes do however show that there is room for improvement and development of the environment as a crosscutting issue.

### **3.2 Multilateral environmental co-operation**

Denmark's multilateral environmental assistance forms part of the efforts made by a number of international forums that use dialogue and negotiations to promote sustainable development through improvements to the environment. Two international events in particular established the agenda for the multilateral co-operation on environment

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<sup>6</sup> The latest version of these strategies can be found on [www.um.dk](http://www.um.dk)

<sup>7</sup> The framework for the incorporation of environment as a crosscutting issue can be found in the guide for "Environmental Assessment for Sustainable Development" on [www.um.dk](http://www.um.dk)

and sustainable development: the Rio conference in 1992 and the Johannesburg summit in 2002. Continuous efforts to implement and further develop the results from these meetings are, at the international level, primarily made by the EU, UN forums, international organisations and at meetings on conventions and protocols. Danish multilateral development assistance financially supports developing countries' participation in this process and helps them implement and ensure compliance with the decisions made. The main focus is on central issues covered by international conventions and partnerships such as water, energy, protection of biological diversity, wetlands, climate, chemical and the fight against desertification.

The Amsterdam Treaty says that environment must be integrated as a crosscutting issue into all policies of the EU. The country strategies of the member countries are important elements in efforts to secure the integration of environment as a crosscutting issue in the Community development assistance that plays a significant role due to its size and its presence in almost all developing countries in the world. Environment is furthermore incorporated as sector/project efforts in the EU Commission's annual programmes.

Denmark's most important multilateral partners in environmental assistance over the last decade have been the GEF, UNEP, The World Conservation Union (IUCN) and The International Institute for Environment and Development. Added to these is co-operation with particularly The World Bank, the regional development banks and UNDP, concerning integration of environment into the organisations' overall work as well as support to specific activities in the environmental field.

The GEF is one of the most important global tools for financing environmental assistance. GEF donations pay for additional expenses incurred by developing countries in their attempts to enhance the global environment, particularly through projects relating to conventions on climate, biodiversity, desertification and chemicals. This makes the GEF – using The World Bank, UNDP and UNEP as implementing agencies – an important player in the effort to put the conventions into action both efficiently and in time. The GEF is financed through assessed contributions, and the latest replenishment was negotiated in the summer of 2002. The GEF furthermore manages a number of voluntary funds to which Denmark contributes. One aim is to help the least developed countries in mitigating the effects of climate change. Denmark is on the board of the GEF in 2003-06 and will work for an enhanced integration of GEF-financed activities into individual countries' strategies for poverty and sustainability as well as sector policies and action plans.

The co-operation with UNEP focuses in particular on the organisation's efforts to develop and implement global environmental agreements and the development of policies

on new issues. Denmark is working to make UNEP's efforts focused and efficient – for example by enhancing the developing countries' capacities to both contribute to, and make use of, global environmental agreements. UNEP is financed through voluntary contributions. The Danish support involves an annual, general contribution supplemented by earmarked funding.

The support to IUCN and IIED is aimed at securing their participation in the international dialogue on policies for nature conservation, poverty/environment and trade/environment. Another priority is helping the organisations to focus their work and to integrate it further into the other efforts for environmental development at country level.

Policies for a number of environmental priorities – such as water and energy – are not rooted in a single international organisation or convention. On water, a number of international organisations are co-operating to reach the Millennium Development Goal of halving the number of people without access to clean water and basic sanitation. In the field of energy similar co-operation is aimed at promoting the Johannesburg action plan's emphasis on the importance of access to energy in the fight against poverty and on the need to promote sustainable sources of energy. Continuous Danish support of the multilateral co-operation on water and energy is carried out through targeted efforts. One example is the Global Water Partnership. Denmark supports two UNEP centres, covering energy (UNEP/Risø) and water (UNEP/DHI Institute for Water and Environment). Efforts are also put into implementation of EU's water and energy initiatives following the Johannesburg summit. This happens in co-operation with multilateral and bilateral efforts. In the field of energy, Denmark has for a number of years supported small island states in the Pacific through earmarked contributions to international organisations.

### **3.3 Environmental assistance within the programme co-operation**

The environmental assistance within programme co-operation now includes environmental sector programmes in five countries – Bhutan, Bolivia, Egypt, Nepal and Nicaragua – and, as mentioned in section 3.1, the inclusion of environment as a crosscutting issue in programmes and projects in other sectors – such as energy, agriculture, health, transport and water/sanitation – in all programme co-operation countries.

The basis for the co-operation with individual countries is the national poverty reduction strategies. Environment is not a separate area of intervention in all strategies, but mentioned as a crosscutting issue. A closer connection between poverty and environment is thus still being developed. This includes the integration of environmental protection and environmentally sustainable development in national poverty reduction strategies or strategies for sustainable development.

The environmental sector programmes are based on the realisation that sustainable development is a prerequisite for sustainable alleviation of poverty. Organisational development and capacity building are components or crosscutting issues in all environmental sector programmes. The concrete activities include, for example, efforts against industrial pollution, water delivery, management of natural resources, environmental information and education. Gender equality and promotion of human rights, democratisation and good governance are all crosscutting issues in the environmental sector programmes.

### **Evaluation of environment in sector programmes**

At present there are no specific evaluations of environmental sector programmes. But some of the programmes are included in evaluations of country programmes, most recently of the development co-operation with Bolivia and Nicaragua in 2002<sup>8</sup>. In Bolivia, the overall target for the environmental assistance is to secure sustainable development. At the time of the evaluation it was established that the preparations for the programme have been comprehensive and have contributed to ensure Bolivian ownership and co-operation. According to the evaluation, the programme might secure institutional reform in the entire public sector through dialogue. There is a considerable potential for synergy with other sector programmes in which the advantages of integrated, crosscutting environmental efforts have yet to be realised. It is recommended to highlight the connection between environmental management and productive activities and to make this an important tool for poverty alleviation. The overall conclusion states that the environmental sector programme is a good vehicle for promoting sustainable development in Bolivia and that the programme is relevant for the country as it is linked to ongoing decentralisation and aims at sustainable development and poverty alleviation.

### **3.4 The special environmental assistance in developing countries**

The special environmental assistance now includes programmes or projects in six countries in Southern Africa – Botswana, Mozambique, Namibia, South Africa, Tanzania and Zambia – and four countries in Southeast Asia – Cambodia, Malaysia, Thailand and Vietnam. Furthermore, a limited number of projects in former countries of co-operation are in their final stages as planned. In Malaysia, South Africa and Thailand the special environmental assistance includes co-operation on Clean Development Mechanism (CDM) projects.

The special environmental assistance was part of the Danish follow-up to the Rio conference on environment and development in 1992. It targets poor countries, including the programme co-operation countries, as well as middle-income countries in Southern Africa and Southeast Asia. In middle-income countries, the special environmental assis-

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<sup>8</sup> Evaluations of country programmes can be found on [www.evaluering.dk](http://www.evaluering.dk)

tance has proven to be efficient in preventing and in finding solutions to major and fast growing environmental problems. The efforts have often influenced developments in neighbouring countries. In poor countries, the special environmental assistance has contributed to keeping sustainable development going in the management of environmental and natural resources.

The aim of the special environmental assistance is partly to support environmentally sustainable development and partly to contribute to the improvement of the often catastrophic environmental situation in many developing countries, with an emphasis on three areas:

- To secure environmentally sustainable use of natural resources and nature conservation
- To enhance the environment, particularly in big cities
- To promote sustainable use of energy

The efforts have been concentrated in seven areas: urban development and industrialisation, sustainable use of energy, agriculture, water resources, forestry and timber resources, biological diversity and coastal zones.

The special environmental assistance has primarily been used to build national and local environmental capacity and to demonstrate solutions to concrete environmental problems. As is the case in the programme co-operation, the development and implementation of international, environmental agreements and conventions have been an important crosscutting issue. The support has often been carried out as individual projects but has in recent years gradually been converted to a more programme oriented approach. Generally, the assistance in many countries has been affected by the fact that environment is a relatively new area of intervention which is not always regarded as important as is, for instance, the industrial sector or health and education. Capacity building and demonstration projects have therefore formed relatively large parts of the special environmental assistance while limited efforts have been invested in infrastructure and the like. This also explains why technical assistance has formed a relatively large part of the efforts.

### **Evaluations of the special environmental assistance:**

A number of evaluations of the special environmental assistance have been carried out, most recently of the environmental assistance in Southeast Asia in 2004<sup>9</sup>. The evaluations recognise the assistance as a unique effort. Substantial contributions, which demonstrate new ways of problem solving in institutional development, in the coun-

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<sup>9</sup> Evaluations can be found on [www.evaluering.dk](http://www.evaluering.dk)

tries of co-operation are among the areas that receive special mention. A number of concrete efforts are regarded as state-of-the-art projects. The evaluation also shows that the gradual focusing of the efforts into a programme approach in a number of the countries has contributed to enhance the overall assistance through better defined components. It is emphasised that there is a need to sustain a reliable and consistent assistance in order to spread and anchor the results of the co-operation.

The special environmental assistance is also used to enhance and support Denmark's climate efforts in the developing countries. This assistance covers, as examples, the development of a framework for administering the climate convention and the Kyoto Protocol, promotion of sustainable use of energy and development of cleaner technology. The co-operation on climate within the environmental assistance also covers identification and development of CDM projects in countries with large emissions of greenhouse gases. These efforts will lead to synergy between development, global environment and the government's aim of securing a cost efficient fulfilment of Denmark's obligations towards the global climate.

Regional environmental projects are carried out in Southern Africa as part of the special environmental assistance, including a water programme in co-operation with SADC and an education programme in co-operation with the secretariat of the Basel convention.

## 4. Future Danish environmental assistance 2004-08

### 4.1 Targets for the environmental assistance

The entire environmental assistance must contribute towards fulfilment of the overall target for Danish development assistance: poverty alleviation. This means that the environmental assistance must contribute to realisation of the Millennium Development Goals – and that these goals will form the basis for monitoring the entire effort.

*By defining poverty alleviation as the overall framework, the long-term target for the entire environmental assistance is to promote sustainable development in developing countries and to alleviate negative impacts on the environment at global, national and local levels. This is achieved by contributing to the management of environmental challenges in developing countries and by enhancing their ability to ultimately bear the responsibility themselves.*

Danish environmental assistance cannot cover all areas. For this reason, the present strategy outlines priorities in the choices of countries of co-operation, areas of intervention, development of programmes, “mainstreaming” of environmental considerations and co-operation with international organisations. The synergy between multilateral and bilateral efforts will be increased, for example, when it comes to implementing international conventions.

While the special environmental assistance will be integrated into general development assistance, the special assistance in Southern Africa and Southeast Asia will also in future include countries that are not among the programme co-operation countries. Since middle-income countries are often more responsible than others for the creation of regional environmental problems, but also might be better equipped to solve such environmental problems, the combined efforts in regions with both poor and middle-income countries will contribute to fulfilling the targets for the overall environmental assistance. For the same reason, regional projects or programmes will remain an option where there is a proven will to co-operate among national actors and/or a regional organisation with a real mandate from participating countries and an ability to function as a partner of co-operation.

A further aim of the special environmental assistance is support to the CDM efforts. This means that environmental assistance also will contribute to reaching the targets in the government's climate strategy.

## **4.2 Environment as a crosscutting issue**

The management of environment as a crosscutting issue will take place within multilateral as well as bilateral co-operation. One example of incorporation of environmental thinking into other developmental themes is the ongoing revision of the government's strategy for trade and development, which will contain sections on environment and sustainability. Another example is an action plan for incorporation of climate efforts into general development assistance – in order to address the vulnerability of developing countries to global climate changes – which is expected to be finalised and implemented by Denmark and the other nations in the EU.

The following contains more details about three areas in which the government will focus its efforts for the management of environment as a crosscutting issue. In two of these areas – poverty reduction strategies and international environmental agreements – the crosscutting issue will be the focus of co-ordinated bilateral and multilateral efforts. Furthermore, there are details on environment as a crosscutting issue in the sector assistance. Environment as a crosscutting issue in individual activities in multilateral assistance – for instance through environmental assessments of the development banks' investment programmes – will be covered in the section 4.3 on future multilateral efforts.

### **4.2.1 Poverty reduction strategies and environment**

Environmental assistance will continue to be need-driven and based on national priorities as they are expressed in national poverty reduction strategies and strategies for sustainable development. The assistance will be planned and carried out in co-operation with the countries involved and incorporated into country strategies and programmes. There will be an increased focus on bilateral efforts to further develop PRSP's in individual countries and on multilateral efforts to further develop methods for PRSP. The efforts in the period covered by this strategy will among others include:

- Assistance to national authorities to incorporate environmental considerations into national poverty reduction strategies and to develop strategies for sustainability through processes which involve civil society. An important part of this will be to ensure that the relationship between poverty and environment is covered – ideally based on national environmental profiles and strategic environmental analyses at sector/programme level, all in preparation for the implementation of concrete activities.
- Participation in international organisations' and development banks' efforts in developing and implementing methods for the PRSP processes, and follow-up activities

to ensure that organisations participate in the practical implementation of processes on this background.

- Participation in donor harmonisation with particular emphasis on mainstreaming of environmental considerations and sustainable development in the fight against poverty.

#### **4.2.2 International conventions on the environment**

Efforts to support the development and implementation of international environmental conventions will remain focused on Agenda 21, the climate convention and the Kyoto Protocol, the conventions on chemicals, the conventions on protection of natural resources (primarily the conventions on biological diversity, protection of wetlands and reduction of trade in endangered species), the convention to combat desertification and the principles behind the European convention regarding public participation, information and access to justice in environmental matters.

Denmark will through multilateral co-operation on the conventions work to secure:

- That international agreements are made and organised in fashions that the participating countries, particularly developing countries, regard as suitable and possible to implement.
- That continued effort is put into making the conventions simpler, more cohesive and more efficient in order to promote a better co-ordination between the various conventions' action plans and systems of reporting.
- That multilateral organisations assist the developing countries in implementing the conventions and that these efforts promote poverty alleviation, women's influence and access to resources, indigenous peoples' rights and the involvement of local populations which are affected by the assistance.
- That the GEF is sustained as one of the key tools to implementation of the most important international conventions on the environment.
- That capacity building through co-operation between developing countries and UNEP, IUCN and the Montreal Protocol's fund focuses on implementation.

Through bilateral co-operation, Denmark will support the participation of civil society in the development and implementation of conventions in environmental management. This can take place as part of sector programmes or through the special environmental assistance as appropriate. It can involve support to the legislative process and action plans, to the establishment of administrative frameworks, to further education and to reporting with emphasis on concrete activities in the field. The attention to areas covered by international conventions may also form part of other sector programmes. As an example, sector programmes for agriculture or forestry can contribute to conservation of biological diversity and protection of water resources, to combat desertification and

to secure that chemicals and pesticides are used only in safe ways and in as small amounts as possible.

#### **4.2.3 Environment as a crosscutting issue in sector programmes**

The management of environment as a crosscutting issue in other sector programmes will be reinforced. This will happen by proactive management in all relevant programmes and components and through adjustments of methodologies and approaches in other sectors to accommodate changes in national environmental action plans and administrative structures. The efforts within the present strategy will be focused on managing environment as a crosscutting issue right from the beginning of programming. This will include an increased emphasis on:

- Strengthened efforts in environmental screening of new development activities in close co-operation with national authorities.
- Development of methods for carrying out strategic environmental analyses for activities at sector or programme level, particularly in sectors and components that cause special environmental problems (including energy, agriculture, transport and water), all in close co-operation with national authorities and other donors. There will be an emphasis on developing prospects for improvements to the environment and on prevention of environmental problems, including problems in the working environment when this is relevant.
- Follow-ups to the environmental analyses in sector programmes, including preparation and implementation of environmental action plans wherever this is deemed necessary.
- Incorporation of assessments of the management of environment as a crosscutting issue into the annual sector reviews in the countries of co-operation. These assessments will ensure that relevant environmental efforts and monitoring of environmental impacts have been carried out wherever relevant.

#### **4.3 Trade and development**

As mentioned previously, the strategy for trade and development is being revised in 2004. The revision will include an emphasis on the prospects for further developments on trade and environment policies so as to assist the developing countries in creating win-win situations in the practical correlation between trade, environment and development. This should also prevent new environmental regulations becoming new trade barriers. The assistance can include capacity building in order to give the countries real chances to participate in the formulation and implementation of the environmental demands that are, for instance, included in international environmental conventions' trade provisions. Another aim of capacity building is to fulfil the promise from the World Trade Organisation's (WTO's) meeting in Doha to the least developed countries that they would be assisted in meeting new product standards, following from environ-

ment and health requirements. This will also increase the chances of incorporating international trade and market access considerations into the formulation and implementation of national poverty reduction strategies and strategies for sustainable development. Trade and environment are thus an integrated part of the entire assistance to trade and development.

#### **4.4 Multilateral co-operation on environment**

In “A World of Difference” the government has selected the global environment as a key area for Denmark’s international assistance, increased the focus on global environmental efforts for the time period 2004–08 and, for the first time, earmarked part of the multilateral assistance for environmental purposes.

Based on this, Denmark will in general work to ensure:

- That continued efforts are made to create cohesion and greater efficiency in international co-operation on global environmental efforts, including environmental conventions.
- That international organisations with special mandates for the environment implement these in a targeted fashion and that they support the developing countries in particular in building capacity in the field of environment; that environment is continually integrated further into the work of other organisations, including their planning and implementation of projects.
- That all international organisations focus their efforts on implementation, not least in the developing countries.
- That international organisations actively participate in efforts for donor harmonisation at country level, including assessments of environmental efforts in development assistance.
- That international organisations continue to participate in international efforts regarding evaluations and development of methodologies and tools such as PRSP systems – and that the organisations involve themselves with concrete efforts on this basis.
- That efforts continue to incorporate systematically global and other environmental issues into the work of the governing bodies of relevant UN organisations, into the work of the boards of the development banks and into consultations with relevant international organisations wherever this is relevant.

The increased funding to environmental issues over the next years will allow special interventions that will further support and promote Danish policy in the international environmental field and contribute to the realisation of the Millennium Development

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10 “Strategy and Plan of Action for Trade and Development” (2003) can be found on [www.um.dk](http://www.um.dk)

Goals and the implementation of international environmental conventions and agreements, including the plan of action from the Johannesburg summit. This will happen through support via international organisations to secure developing countries' participation, and not least the implementation of decisions in key areas such as water, energy, protection of biological diversity and the war against desertification.

Through funding of multilateral environmental efforts Denmark will continue to ensure:

- That core competencies and professional expertise in the environmental field in selected international programmes/organisations are sustained through funding which is not earmarked, and that these funds are supplemented by global funding earmarked for special purposes or sectors.
- That Africa, small developing island states and the countries participating in bilateral co-operation with Denmark receive particular attention through geographically earmarked contributions.
- That more global attention is given particularly to efforts for water and sustainable energy.
- That regional co-operation on integrated management of water resources is continued in Southeast Asia (Mekong) and in Africa (Nile Basin and management of water resources in Southern Africa).
- That more focus is put on the effects of climate changes in developing countries and on the need for adaptive activities, including integration of these into the developing countries' planning and budgets.

Efforts will be made to secure continued participation of NGO's and international organisations in the development of environmental assistance, including the development of analyses and advice that can contribute to further development of concrete environmental assistance and to the correlation between this and other important international targets such as poverty alleviation and increased trade.

Specifically in relation to individual international organisations, Denmark will – through continuous and critical dialogue with the organisations and other donors – seek to promote:

- A substantial, fourth replenishment of the GEF to further strengthen the facility's role as a financial mechanism for implementation of international environmental conventions on climate, biodiversity, chemicals and desertification. In order to live up to the obligations that Denmark accepted by signing the agreement on implementation of the Kyoto Protocol, Denmark will furthermore increase the contributions to climate funds administered by the GEF. One of the aims of this is to sup-

port the least developed countries in adapting to the changes in living conditions created by global climate changes.

- A better integration of GEF financed activities into strategies for poverty reduction and sustainable development and allocation of funding in a manner that both contributes to improvements to the global environment and follows, more stringently, national priorities for the environment.
- A strengthening of UNEP's role as a facilitator for international processes to promote environmental aspects and especially for the development of the poorest countries' environmental resource base. This will happen through a general strengthening of UNEP's legitimacy and efficiency.
- The involvement of UNDP wherever relevant, for instance into efforts for water and energy and with a focus on assistance to enhance the administrative capacity in the area of environment in less developed countries.
- A strengthening of The World Bank's and the regional development banks' priorities for their co-operation with developing countries in order to ensure that environmental analyses are included in large investments within sustainable energy, transport, forests, agriculture etc, and that the projects include efforts with a positive influence on the global and the national environment.
- The continuation of efforts in relation to the EU to ensure that the environment is incorporated as a crosscutting issue into the development co-operation of the community, and the emphasis on concrete implementation of environmental sector assistance in countries and regions of co-operation is maintained.
- The drawing up and implementation of an EU action plan, based on the Council's decision on climate and development, that will promote the integration of climate related activities into broader development assistance in dialogue with the developing countries.
- A strengthening of IUCN's unique role as an international, regional and national facilitator in environmental efforts relating to biological diversity and as a mediator in questions relating to the balance between nature conservation and poor people's living conditions.

A regular update on the environmental aspect's inclusion and formulation in organisational strategies or the like will be part of the preparation of future co-operation with individual international organisations.

## **4.5 Bilateral co-operation on environment–programme co-operation and special environmental assistance**

### **4.5.1 Areas of intervention**

The bilateral environmental assistance is always planned and executed in co-operation with the recipient countries through dialogue based on national priorities. When the overall framework for environmental assistance is agreed upon, areas of interventions can be determined and the relevance of results and experiences from existing environmental assistance can be discussed.

Based on experiences as outlined in chapters 3.3 and 3.4, future environmental activities will be concentrated in three areas:

- Urban and industrial environment
- Sustainable energy
- Management of natural resources

An important crosscutting dimension will be institutional and organisational capacity building. Organisational capacity building will often be shaped as a component within an environmental (sector) programme while the institutional capacity building will feature as an integrating, programme strategic dimension that explains the choice of components and partners of co-operation. The efforts also include participation in the development of civil society.

Another group of crosscutting efforts involves the building and sharing of knowledge in a broad sense, including environmental education and research. Denmark will work to support increased sharing of knowledge within environmental assistance, including support of the creation of professional networks and the use of the Internet to disseminate results and experiences from Danish environmental assistance.

Education, including schools and technical education, is prioritised in "A World of Difference". Support of educational initiatives has produced good results within the special environmental assistance, including university degrees relevant for the environmental sector and business related post-graduate studies. Environmental education will therefore continue to feature in the programmes, also as an element in sector programmes for education whenever the countries of co-operation express a need for this during planning of the programme. Likewise, environmentally relevant research can be included in environmental programmes whenever it is agreed during programming that this is of importance for the entire programme.

The following sections contain examples of efforts that can feature in the planning of bilateral environmental assistance, be it environmental sector programmes or environmental programmes within the special environmental assistance.

### **Urban and industrial environment**

Urban and industrial environment will be important areas of intervention in the time period covered by this strategy as the growing number of poor people in the cities are particularly exposed to environmental and health hazards such as poor housing, air pollution, bad working environment and limited access to services. Assistance can, for instance, include tangible assistance in the areas of water delivery and sanitation; the management and disposal of waste, including secure waste dumps; the treatment of hazardous waste and chemical waste; combating pollution from transport and from domestic heating and local industry; housing and physical planning; cleaner technology in selected industries, particularly ones with a large number of small and medium sized businesses; and the funding of urban environmental projects and service delivery, for example through user payment for services such as waste disposal and water delivery. Within the urban environment in particular, there is a close correlation between improvements to the environment, improved health and by implication the possibilities for poverty reduction.

Projects within the urban environment must be co-ordinated with city planning. City planning can therefore also form part of the assistance. Timely, good planning can influence the location and design of new housing and contribute to better living conditions for the inhabitants. Experiences from Southern Africa show that assistance based on the establishment of co-operation with community representatives can help to prevent future unplanned slum areas. Such co-operation can also help prevent disasters.

Capacity building within urban environment assistance is necessary to secure that local efforts, which are rooted within local communities and local administrations, are planned and executed on the basis of delegation of responsibilities, competence and the necessary resources while co-operation is maintained with central authorities responsible for development and monitoring of the decentralised projects.

A special aspect of the assistance in the urban and industrial environment will be a continued and increased focus on the working environment which can also be relevant in other sectors, particularly large infrastructure programmes. Upcoming guidelines in this area will be used from the beginning of the time period.

### **Sustainable energy**

Access to affordable and reliable energy is an important prerequisite for sustainable development and alleviation of poverty. Interventions for sustainable energy will therefore

focus especially on development or adaptation and implementation of environmentally friendly and efficient methods for production and use of energy, including use of sustainable energy sources. Assistance can, for instance, include the introduction of new energy sources (such as simple, sustainable energy sources) or support in the construction of energy-efficient buildings. Wherever possible, the assistance will be based on national energy planning, including plans for the use of sustainable energy sources. It will be assessed whether efficient assistance demands contributions to organisational development within those authorities dealing with energy and support to civil society.

Attention should be paid to whether the assistance can become the basis for co-operation on climate, for example through specific capacity building within national authorities to strengthen the administration of the climate convention and the Kyoto Protocol. The co-operation can also lead to identification of projects that can be developed into approved CDM projects and lead to Danish purchase of CO<sub>2</sub>-credits.

### **Natural resources**

Sustainable management of natural resources is important since these resources are an essential part of the basis on which the poorest of the world population exists. Projects can for instance include management of water resources and of coastal zones, protection and sustainable use of wetlands and forests. Management of biological diversity is a crosscutting issue in natural resource management. It can, in some cases, be ensured in the form of protection or controlled use of areas of exceptional biological interest such as nature reserves. There will be focus on an approach based on ecosystems to prevent exhaustion of soil and over exploitation of land, for these can lead to loss of biological diversity and productivity, soil erosion, destruction of water resources and desertification.

Protection of biological diversity, which for instance is important to sustain stability and productivity, is included in the Millennium Development Goal concerning sustainable environment and in the plan of action from the Johannesburg summit. The latter includes a target concerning substantial reductions in the loss of biological diversity before 2010. For this reason, supporting implementation of the convention on biological diversity and other conventions on protection of natural resources will continue to be important elements in the environmental assistance.

In these areas, assistance can include development of management plans that balance the various interests of different groups. Direct participation from national level in co-operation with civil society and local authorities will be particularly important. Indigenous peoples' knowledge and experiences in use of natural resources ought to receive particular attention. Efforts for biological diversity could include assistance that leads to sustainable development in the long term, for instance to sustain and protect endange-

red plant communities so as to maintain important genetic resources for posterity. It is important for environmental assistance that the efforts for long-term protection and development also incorporate ways to finance the efforts and to create income and jobs for people in the affected areas to create short-term improvements in their living conditions. In East and Southern Africa it is possible to create win-win scenarios by combining nature conservation through nature reserves and parks with the promotion of ecotourism.

Forests contain significant natural resources that are essential for the survival of many local communities in developing countries. At the same time forests are refuges for unique biological diversity. Forests are often threatened by exploitation. Among other examples of win-win projects that integrate development and protection of the environment are: Promotion of legal, sustainable forestry and of sustainable production of products based on natural resources through support of capacity building and enforcement of forest legislation; strengthening of community-based management (involvement of the local population, managers appointed from the lowest possible levels); and development of tracing and certification systems that can promote trade in legal and sustainable forest products. At the same time the interplay and co-operation with national authorities will be secured by assisting them with the establishment of frameworks for local management and the monitoring thereof.

### **CDM co-operation**

Regardless of size, the Kyoto Protocol's CDM projects place huge technical and administrative demands on planning, implementation and reporting. The first phase of the CDM co-operation is therefore directed towards countries with large emissions of greenhouse gases, already established co-operation via the existing, special environmental assistance, and a potential for the development of a limited number of projects. These must have large, real reductions in emissions and thereby constitute a prospect for an agreement on purchase of CO<sub>2</sub> credits. This assistance will be increased and expanded to more countries. Focus will be on projects that limit the emissions of greenhouse gases from production and use of energy, from industry and from waste facilities such as waste dumps and water purification plants. Changes to the CDM rules can lead to the inclusion of forestry and agriculture projects in the long term. In countries where special environmental assistance is used for co-operation on capacity building and projects involving sustainable energy and efficient use of energy, there might be a basis for further co-operation on a framework for development of CDM projects, including administrative preparations. The aim of project development support will be to create market opportunities. The preparations are meant to identify ways for Denmark to buy CO<sub>2</sub> credits cost efficiently within the special budget line allocated this purpose.

In China, where the Mixed Credits Programme finances district heating among other projects, special environmental assistance to energy projects is being prepared. In Indonesia, similar preparations within energy will be started as part of the introduction of special environmental assistance. In both countries, these energy projects will include co-operation on capacity building and preparations of CDM projects. In general, only a limited part of the assistance within energy in a given country of co-operation will be spent directly on development and preparation of CDM projects.

It is emphasised that the rules for CDM projects prescribe that only projects recognised as contributions towards sustainable development by the national authorities in the country of origin will be approved. In South Africa there are signs that this will be interpreted in such a way that the local authorities may ask that projects promote real social upliftment. This means the inclusion of a type of project assessment which – along with the assessment of a project's additionality, which is a prerequisite for the CDM board's approval – is seen as a satisfactory way of securing the developmental qualities of the CDM projects.

To open the largest possible number of markets for CDM co-operation with Danish actors, overall agreements of co-operation in this field will be made with other interested countries, among them Chile and Nicaragua. Some of the CDM based credits will be purchased as indirect credits.

The possibility of using the Mixed Credits Programme to co-finance CDM projects is being investigated. If the results are positive, this instrument will be used.

### **The Mixed Credits Programme**

The Ministry of Foreign Affairs' Mixed Credits Programme can contribute to funding of deliveries of capital equipment, including goods and services, to development projects in a number of developing countries. The facility supports activities that contribute to sustainable development in the recipient countries, increase the production of sustainable energy in the recipient countries and improve the environment and the working environment in the recipient countries. The bulk of the projects carried out are within water and sanitation, sustainable energy – primarily wind farms – and more efficient use of energy.

#### **4.5.2 Programme planning**

The integration of the special environmental assistance into the general development assistance and the fixing of the budget for the time period 2004-08 have created a basis for long-term planning and the adaptation of programmes under the special environmental assistance to make them comply with the program approach and modalities which govern the sector programme assistance.

Environmental assistance will in future be shaped as more long-term, real environmental programmes or – in the countries of programme co-operation – as environmental sector programmes, drawn up in co-operation with the recipients and based on their national poverty reductions strategies or strategies for sustainable development. In countries without such environmental programmes and in countries with a need for re-programming in order to create more coherence between the elements in the programme, preparations and development of a new or an adjusted programme will start in 2004.

In all countries that receive environmental assistance (as sector assistance or special environmental assistance), the environmental efforts will be incorporated into the next revisions of the country strategies governing Denmark's development co-operation with individual countries.

Experiences up to now have shown that there still is a need to strengthen the management of targets and results in environmental assistance. Denmark will work for a continuous development of indicators and systems to monitor the environmental assistance, primarily based on national institutions and developed in co-operation with these institutions and international donors. Regarding the impact of environmental assistance the monitoring will be linked to the implementation of national poverty reduction strategies and indicators. The monitoring will be defined in relation to the Millennium Development Goals as well as the Johannesburg Targets for environment. Denmark will support efforts to secure a close co-ordination and harmonisation among international donors in this regard.

### **4.5.3 Countries of co-operation**

Environmental assistance within the programme co-operation:

As previously mentioned, there will be environmental sector programmes within the programme co-operation in Bhutan, Bolivia, Egypt, Nepal and Nicaragua. In Egypt, a lack of progress within a number of reforms means that the environmental programme will be phased out in the time period covered by this strategy. Meanwhile, new phases of the environmental programmes will be prepared and implemented in the remaining countries. Furthermore, a regional environmental sector programme will be started in Central America, based, among other things, on the experiences from Bolivia and Nicaragua. Any decisions to initiate any further environmental sector programmes within the present period will be made in co-operation with the country of programme co-operation concerned and based on an assessment of the significance and priority the environmental efforts enjoy in the overall efforts in the country and other donors' assistance.

#### **The special environmental assistance**

New countries of co-operation:

As a consequence of the positive developments in Kenya following the elections on December 27, 2002, the development co-operation with this country has increased overall. A new country strategy for co-operation is being prepared, partly based on the Kenyan government's strategy for economic rehabilitation in which sustainable management of the environment and natural resources is included as a crosscutting issue. Furthermore, the existing co-operation on development will be expanded in the areas of agriculture and health and a new sector programme covering water and sanitation will be implemented. In these sectors, environment plays a role as a crosscutting issue. Kenya has significant environmental problems, particularly in relation to management of natural resources and urban environment. The overall development assistance will be strengthened through the inclusion of special environmental assistance. This will secure synergy through support to complementary environmental efforts in the co-operation on development and also strengthen environment as a crosscutting issue. Furthermore special environmental assistance will make regional co-operation between Kenya, Tanzania and Uganda possible, particularly with regards to water resources where there is a possibility of incorporating efforts into an overall strategy for the development of water resource management in the SADC region.

In South East Asia, special environmental assistance to Indonesia will be prepared. This country is facing huge environmental challenges, not least in the areas of air pollution and loss of natural resources. The initiation of co-ordinated co-operation on environment, with the possibility of using experiences from the special environmental assistance in the region, is expected to contribute towards a positive development of environment and sustainable development in Indonesia. The assistance might – based on further assessments of the possibilities for co-operation – cover all areas of intervention (urban environment, sustainable energy and natural resources). Indonesia has large emissions of greenhouse gases. A formulation of an environmental programme will therefore also include an assessment of the possibilities of using the special environmental assistance to establish administrative and technical frameworks for climate interventions, which opens the possibility of CDM co-operation. Due to Indonesia's size, its structure and type of society and the extent of its environmental problems, the country will present development challenges of a magnitude that will make co-operation on careful selection of limited areas of intervention essential. In China, which also has significant environmental problems, for instance in the urban environment and within the use and supply of energy, similar co-operation on the development of a special environmental programme will be initiated. Due to the size of the country alone, this programme will include efforts within sustainable energy. Meanwhile, co-operation with China on the purchase of CDM credits, which was initiated with the signing of a Memorandum of Understanding on climate co-operation in February 2004, will be continued and wherever necessary be supported by environmental assistance.

Co-operation that will be phased out:

Adhering to agreements for environmental co-operation which have been made with the environmental authorities in Malaysia, broad environmental co-operation with Malaysia will cease after 2006. As the efforts on sustainable energy constitute a good basis for co-operation on the development of CDM projects, assistance within the area of energy will however be continued.

Co-operation with Botswana and Namibia has covered a limited number of environmental projects in scattered areas of intervention with limited annual funds. As Denmark has no diplomatic missions in the two countries, this has all in all made the environmental assistance administratively demanding. Meanwhile, a number of the environmental projects that were initiated from 1995 to 2001, among them projects covering forestry, coastal zones and cleaner technology, have been finalised according to plan. Some of the results have to some extent formed the basis of other activities in the region. As an example, the results from a project on cleaner technology in the fishing industry in Namibia were of significance in the establishment of a number of projects on cleaner technology in South Africa. In an attempt to make the environmental assistance more efficient, the special environmental assistance to these two countries will be phased out. Ongoing projects, including efforts within sustainable energy and more efficient use of energy, local management of urban environment and of wetlands (the Okovango Delta in Botswana) will be finalised as planned, and the countries can continue to participate in regional environmental efforts, including regional water programmes in co-operation with SADC. It is unlikely there will be any basis for co-operation on CDM projects as the emission of greenhouse gases from the two countries is very limited.

The special environmental assistance will be continued in the remaining countries, including Thailand and South Africa where the assistance will also support CDM co-operation.

## **Special environmental assistance**

In Southern Africa the special environmental assistance will be continued in:

- Mozambique
- South Africa
- Tanzania
- Zambia

Special environmental assistance will be initiated in:

- Kenya

In Southeast Asia special environmental assistance will be continued in:

- Cambodia
- Malaysia (after 2006 however only on energy)
- Thailand
- Vietnam

Special environmental assistance will be initiated in:

- Indonesia
- China (however, only on energy)

## **Regional co-operation**

Regional co-operation is regarded as significant within special environmental assistance, as regional efforts can include valuable contributions towards solutions to environmental problems that cannot be solved at the national level alone. Experiences have, however, shown that a prerequisite for efficient planning and execution of such projects is a regional organisation for co-operation in which the project can be rooted and managed. A successful project further demands a real will and continuous support at all levels from the involved countries in the region. Where the necessary regional organisations and partners of co-operation – as for example the SADC in Southern Africa – are not seen as having the necessary capacity to be part of regional co-operation, it must be assessed whether this is most efficiently developed and strengthened through practical test and gradual expansion. The possibility of carrying out regional programmes of co-operation within the special environmental co-operation is therefore maintained in areas where the prerequisites for the creation of efficient efforts exist. Also at regional level it is a prerequisite that environmental efforts are need-driven and based on well-supported requests from the regional organisation for co-operation and from all the countries and co-operating partners involved.

#### **4.5.4 Partners of co-operation at country level**

The main actors in co-operation with individual countries, including the environmental assistance, are governments and administration at national, provincial/regional and local level, civil society, including NGO's and CBO's (community based organisations), the private sector and the research and educational sector. Co-operation within environment can include capacity building of these groups aimed at expansion and consolidation of the results of the assistance. Furthermore, the harmonisation of the development assistance demands a continued strengthening of the co-operation with donors from other countries and international organisations, combined with a continuous adaptation to – and use of – the structures and work methods in the countries of co-operation.

The following elements of the co-operation within environmental assistance will be in focus in the time period 2004-08:

- Capacity building within authorities with particular focus on support to decentralisation and local management and on securing the interplay between centrally established frameworks and local management.
- Development of civil society with focus on furthering its role in the development of environmental efforts, including its roles as carrier and disseminator of local knowledge and experience, as stakeholder in the development of environmental legislation and as partner in the monitoring and enforcement of environmental efforts in the countries of co-operation.
- Continued development of the private sector's environmental efforts and capacity, including continued transfer of technology through cleaner technology efforts in the environmental programmes and through private partnerships, including partnership programmes and general business sector programmes. A possible continuation of existing partnership programmes beyond the extension of the Partnership Facility Programme in SE Asia by three years, will be decided on the basis of concrete reviews and evaluations. The co-operation with the private sector can also include management of the working environment issue.

The implementation of the environmental strategy will be followed through the monitoring of the development assistance.



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