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**INTEGRATING
ENVIRONMENT AND SUSTAINABLE DEVELOPMENT
INTO
ECONOMIC AND DEVELOPMENT CO-OPERATION POLICY
ELEMENTS OF A COMPREHENSIVE STRATEGY**



INTEGRATING ENVIRONMENT AND SUSTAINABLE DEVELOPMENT INTO ECONOMIC AND DEVELOPMENT CO-OPERATION POLICY

ELEMENTS OF A COMPREHENSIVE STRATEGY

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1. EXECUTIVE SUMMARY

Article 6 of the Treaty establishing the European Community, as amended by the Amsterdam Treaty, states that "*Environmental protection requirements must be integrated into the definition and implementation of the Community policies and activities... in particular with a view to promoting sustainable development*". To this end, the elements of an EC strategy formulated in this document aim to strengthen the inter-linkages and mutually supportive nature of the spheres of sustainable development with a main emphasis on environmental sustainability.

Developing countries themselves have primary responsibility for identifying and responding to environmental issues and for integrating environmental considerations into their policies. EC economic and development co-operation should support developing countries' efforts to protect their own environment and the shared global environment. In this regard, increased dialogue with partner countries on environmental issues is of particular importance.

All EC policies should be coherent in relation to third countries and the impacts, including environmental impacts, of EC policies on developing countries should be analysed. In the pursuit of sustainable economic and social development through structural reforms, EC co-operation policies and developing countries should give special attention to environmental management capacity and public environmental regulatory and monitoring functions. In the context of integration of developing countries into the world economy, the EC should seek to fully integrate environmental and sustainable development considerations into the next World Trade Organisation (WTO) round. Private sector development should also take environmental considerations into account. Furthermore, the both positive and negative linkages between poverty and environment should be acknowledged in the campaign against poverty.

The EC and the developing countries are parties to a wide range of environmental agreements and processes. The EC should support the efforts of developing countries to participate effectively in the negotiations, to implement their obligations through identifying country specific priorities, and to develop appropriate policies and measures with respect to existing and emerging environmental agreements. In this regard, the Commission is putting particular emphasis on the major UN Environmental Conventions on climate, biodiversity and desertification, and the role which developing countries can play in these global environmental issues.

Although of great significance, EC funding to specifically environmental purposes remains relatively modest compared to the overall flows of EC aid. Therefore, integration of environmental considerations into the use of all EC aid and into the programming and project cycle must be continued and strengthened. In this regard, the revised guidelines on environmental integration are of particular importance, as is the capacity of existing Commission staff to integrate environmental aspects, and partner countries' capacity to assume more tasks and responsibilities. The environmental performance of EC aid will continue to be assessed through regular evaluations and use of indicators.

There are many opportunities and options for further integration of environmental aspects into EC economic and development co-operation. The challenge is to ensure – in a credible and transparent way – that they are fully developed and that the integration process is advancing at a strong pace. Key factors for success are:

- a strong political commitment to the integration process;
- strengthening of the institutional arrangements; and
- sound management of the overall quality of the environment integration process.

2. BACKGROUND

The EC Treaty, as amended by the Amsterdam Treaty, states that “*Environmental protection requirements must be integrated into the definition and implementation of the Community policies and activities... in particular with a view to promoting sustainable development*”¹. The Treaty also sets promotion of sustainable development as a central objective of EC development co-operation². Further legal basis for integrating environment and sustainable development into EC economic and development co-operation is provided by the Lomé Convention and the regulations on co-operation with different groups of developing countries (see Annex I). The overall long-term objective with respect to the environment has been defined within the framework of the OECD Development Assistance Committee (DAC) Strategy ‘Shaping the 21st Century’. It has been agreed to work towards the reversal of negative environmental trends by 2015.

The Cardiff European Council in June 1998 made commitments with respect to the integration of environment and sustainable development into EC policies and invited all relevant formations of the Council to establish their own integration strategies. In December 1998, the Vienna European Council invited the Development Council, along with other formations of the Council, to further develop this work.

In this context, the Commission prepared an information paper “Progress in integrating sustainable development into EC development and economic co-operation with particular reference to the environment”. On the basis of an earlier evaluation³ the paper identified areas for further improvements and served as a basis for the May 1999 Development Council conclusions. The Council conclusions call on the Commission “...to prepare, in consultation with the Member States, elements of a comprehensive strategy, including a timetable for further measures, an analysis of resources and a set of indicators for the Development Council in November 1999.”

Developing countries have primary responsibility for identifying and responding to environmental issues which are of relevance to them and for integrating

¹ Article 6 of the Treaty establishing the European Community

² Article 177 of the Treaty establishing the European Community

³ Environmental Resources Management (ERM). Evaluation of the Environmental Performance of EC Programmes in Developing Countries. Brussels. 1997.

environmental considerations into their policies. In this context, all countries have committed themselves at the Special Session of the UN General Assembly in 1997 ('Rio plus 5') to prepare national strategies for sustainable development by 2002. EC economic and development co-operation should support developing countries' efforts to protect their own environment and the shared global environment. In this regard, increased dialogue with partner countries on environmental issues is of particular importance.

The elements of a strategy formulated in this document aim to strengthen the inter-linkages and mutually supportive nature of the four characteristics – economically efficient, politically democratic and pluralistic, socially equitable and environmentally sound – of sustainable development. All these dimensions are equally important for achieving sustainable development. Here, the main emphasis is placed on environmental sustainability and further strengthening the integration of environmental considerations into EC economic and development co-operation⁴.

The document discusses the importance of ensuring that EC policies are coherent in relation to third countries and in chapter four looks at the challenges and opportunities to integrate environmental considerations into EC co-operation policies aimed at reaching the objectives of the Amsterdam Treaty. Chapter five discusses how EC co-operation policies can help developing countries to reach the objectives of the multi-lateral environmental agreements and processes. Allocation of financial resources and integration of environment into the programming and project cycle are the topics of chapter six. Finally, chapter seven estimates the human and institutional resources available to the Commission, proposes strategies for capacity building and continued learning, and identifies indicators to be used in order to assess progress made in the environment integration process.

3. INCREASED POLICY COHERENCE IN PROMOTING SUSTAINABLE DEVELOPMENT⁵

In order to systematically promote sustainable development, coherence should be ensured between economic and development co-operation policies and other EU and Community policies. Trade, industrial, agriculture and fisheries policies are of particular importance. Other relevant policies include the Common Foreign and Security Policy, migration, economic and monetary, consumer, research and technology development and environment policies. Environmental issues are of relevance also to the concept "Linking Relief, Rehabilitation and Development", the policy implications of which are currently being developed by Commission services.

Thus far the analyses of EU and EC policy coherence and the impacts on developing countries have not been systematic. It would be useful if the Council and the European Parliament continued their discussions on the issue and provide further

⁴ The issue of the integration of sustainable development as the overarching integrated approach will be addressed in the forthcoming EC policy for economic and development co-operation.

⁵ This chapter draws from the Commission non-paper on policy coherence presented to the Development Council in May 1999. Council resolution of June 1997 asks the Commission to report regularly on progress made in improving coherence, including any specific procedural arrangements.

guidance on how to address it. Discussions on policy coherence between the relevant specific formations of the Council should be considered.

Estimating impacts of these policies on developing countries can be difficult, in particular since effects differ significantly from country to country. Studies have been carried out on environmental impacts of trade policies on certain developing countries.⁶ Although the results of such studies are often mixed, they are extremely important as a basis for more informed choices for policy design and implementation. They can also be used to design country or region specific programmes and projects to counteract the identified negative impacts. Therefore, such studies should be continued, in particular in order to identify economic implications of environmental issues.

The EC Treaty requires that the Community shall take account of the development co-operation objectives in the policies that are likely to affect developing countries.⁷ It should be ensured that developing country considerations are systematically included in the review of Commission proposals to the Council and to Parliament, in particular in the most relevant policy areas identified above. In terms of EC economic and development co-operation policies, the new structure of the Commission should provide further opportunities for improved policy coherence.

Developing countries should have opportunities to express their views on EC policy coherence. For instance, the Lomé Convention states that where the Community intends to take a measure that might affect the interests of the ACP States, it shall inform them in good time. Where necessary, a request for information may also be made by the ACP states.⁸ The possibility of using this procedure more frequently and of inserting same kind of procedures in the agreements with the other groups of developing countries should be looked into. Relevant fora should also be used to discuss policy coherence with major groups of the developing country societies.

An important opportunity to improve overall EU policy coherence in terms of environment and sustainable development is presented by the currently ongoing process of preparing strategies on environment integration by the different formations of the Council. In accordance with the EC Treaty, the possible effects of these strategies on developing countries should be taken into account in the overall integration process (e.g. when the Helsinki Summit assesses overall progress) and in particular in the implementation of the various sectoral strategies.

Commission strategy:

The discussions on how to ensure policy coherence in relation to developing

⁶ 'The environmental and socio-economic impact of sugar cane and banana production in Colombia', 1996. 'EU trade policy, the Lomé Convention, the horticultural sector and the environment Kenya', 1996. 'Development co-operation objectives and the beef protocol: Economic analysis of the case of Botswana', 1996. Brewster, Dwarika, Pemberton, 'EC trade policy. The Lomé Convention and the third world environment: a study of the economic environment linkages through trade in the Windward Islands, Trinidad and Tobago', 1997.

⁷ Article 178 of the Treaty Establishing the European Community

⁸ Article 12 of the Lomé IV Convention

countries will be continued in co-operation with the Council and with the European Parliament, with the aim of obtaining further guidance on possible ways to address the issue.

Studies on the economic and environmental implications of EC policies on developing countries will be continued.

The possibility of inserting procedures into the agreements with the partner countries for formally informing them on measures affecting their sustainable development and of using the existing procedure in the Lomé Convention more frequently will be looked into.

Relevant fora will be actively used to discuss policy coherence with major groups of developing country societies.

4. THE AMSTERDAM TREATY: CHALLENGES FOR THE INTEGRATION OF ENVIRONMENT INTO ECONOMIC AND DEVELOPMENT CO-OPERATION POLICIES

4.1. Sustainable economic and social development

Sustainable long-term economic development is compatible with the objective to improve environmental quality. In order to pursue sustainable development effectively, countries need to take environmental sustainability into account in the formulation of economic and social policies.

Many countries adopt drastic measures in the form of structural adjustment in this process. Research results indicate that Structural Adjustment and sectoral policies can have positive as well as negative effects on the environment through changes in relative prices with subsequent substitution effects and changes in production, and through changes in the regulatory and institutional framework. Whether these effects turn out positive or negative often depends on the state of the economy before the introduction of the adjustment programme, and to what extent mitigating measures have been and are being taken. Potential negative impacts include:

- Increased economic activity can lead to higher consumption of renewable and non-renewable resources, which can be accompanied by environmental effects caused by growing levels of pollution and waste and by unsustainable natural resource management practices;
- Liberalisation can lead to increased exploitation of natural resources which may imply risks for environmental degradation⁹;

⁹ Many African countries have allowed logging activities to increase in tropical rainforest areas in order to raise their export income. Deregulation in the mining sector has led to increased small-scale mining, e.g. Burkina Faso, Tanzania, Zimbabwe with detrimental environmental effects (mercury pollution, erosion of river banks, health hazards due to limited work safety measures).

- **Budgetary cutbacks affect the institutional framework. The often already limited allocations for expenditures in the field of environmental monitoring and law enforcement and public awareness and education can be reduced, and even if no cuts are made in staffing, less public funds are often made available for environment related activities.**

There is a continued need to integrate environmental concerns into structural adjustment policies with the long-term objective of attaining sustainable economic growth without environmental degradation. As structural adjustment programmes are likely to have environmental effects, the risks and opportunities of each proposed programme with respect to the environment need to be carefully assessed as a part of the preparatory studies. Such an assessment can also provide an indication for necessary changes in the overall approach to environmental policies in order to make them more effective and cost-efficient. Moreover, Public Expenditure Reviews and Public Sector Reforms are important entry points for strengthening the environmental regulatory functions of Governments. Pilot activities will include the preparation of such assessments for Structural Adjustment Programmes.

Other EC development co-operation policies are also highly relevant in terms of sustainable development of developing countries. The extent to which it is possible and relevant to integrate environmental considerations into different policies varies. Some of these EC policies have already a fully integrated approach to sustainable development and most policies do identify the importance of environmental considerations for the successful design and implementation of activities (Annex II). In addition, in some policy areas sectoral guidelines have been prepared and strategic studies on environment and sustainable development have been carried out to guide practical implementation.

However, in many cases the analysis could have been more systematic and reflected more in the policy recommendations, especially in the policies where the links to environment are mostly indirect. A more reliable analysis would allow to make suggestions for better integration of the environmental dimension and to point out gaps in the policy framework. To this end, an in-depth policy analysis will be included in the next comprehensive evaluation of environmental performance of EC co-operation programmes to be initiated in 2000. In addition, more in-depth discussions on integration of environment into sectoral co-operation policies should be initiated within the Community, taking into account the experiences gained by the EU Member States. Particular emphasis will be placed on sector-wide reform programmes, which are important opportunities for strengthening the integration of environmental issues into the various economic and social sectors in the partner countries.

In many cases the effects and costs of environmental degradation have to be borne by future generations or by disadvantaged groups of society. Governments have special responsibilities with regard to ensuring sustainable management of the environment and equitable allocation of benefits and costs of environmental protection measures. Developing countries' own efforts, together with private investment as well as more efficient pricing and cost recovery (with an emphasis on the Polluter Pays Principle)

will be critical for long term success. Development co-operation should focus on supporting long term measures which:

- (1) Promote enabling activities for and increase environment management capacity of both public and private sector in developing countries;
- (2) Facilitate both regulatory and market-based approaches (such as taxes, voluntary agreements and phasing out of harmful subsidies) to natural resources management and environmental protection; and
- (3) Promote environmental awareness and training and develop EU - developing countries environmental Research and Technology Development networks and joint research activities.

Commission strategy:

As part of the preparation of structural adjustment and sector-wide reform programmes environmental issues should be systematically integrated through appropriate policies. Within the framework of public sector reform, special attention should be given to strengthening the public environmental regulatory and monitoring functions.

An in-depth policy analysis of environment integration into sectoral development co-operation policies of the Community will be included in the next comprehensive evaluation of environmental performance of EC aid to be initiated in 2000.

Integration of environmental considerations to all EC development co-operation policies should be promoted through sector specific discussions within the Community taking into account the experiences of the EU Member States.

Development co-operation should focus on measures which (i) promote enabling activities for and increase environment management capacity of public and private sector; (ii) facilitate regulatory and market-based approaches to natural resources management and environmental protection; and (iii) promote environmental awareness and training and develop environmental Research and Technology Development networks and joint research activities.

4.2. Integration of developing countries into the world economy¹⁰ and private sector development

Integration of developing countries into the world economy can be achieved in particular through trade and regional economic integration, facilitated by the development of the private sector and by domestic and foreign investment.

Trade and environment should play a mutually supportive role in favour of sustainable development. The EC should seek to establish fair conditions for

¹⁰ Article 177 of the EC Treaty specifies that the EC's development co-operation policy shall foster "the smooth and gradual integration of developing countries into the world economy".

production and competition in the globalised markets and to balance trade and risks for the environment. The Community has made clear that negotiations in this area should take full account of the needs of developing countries and the objective of sustainable development. Accordingly, the Community seeks the inclusion of a trade and environment component in the next WTO Round¹¹. The objectives in this regard are:

- (1) Greater legal clarity on the relationship between WTO rules and trade measures taken pursuant to Multilateral Environmental Agreements (MEAs). Consensus should be sought on the accommodation within WTO rules of trade measures taken pursuant to MEAs and on the types of multilateral agreements which constitute MEAs.
- (2) A clarification of the relationship between WTO rules and Non-Product Related Process and Production Methods requirements and, in particular, of the WTO-compatibility of eco-labelling schemes.
- (3) A clarification of the relationship between multilateral trade rules and core environmental principles, notably the precautionary principle. It is necessary to maintain the right of WTO Members to take precautionary action to protect human health, safety and the environment while at the same time avoiding unjustified or disproportionate restrictions.

The Round should reach a clear understanding that, subject to the necessary safeguards, there is scope within WTO rules to use market based, non-discriminatory, non-protectionist instruments to achieve environmental objectives and to allow consumers to make informed choices. These objectives should be pursued without prejudice to European trade interests and environmental legislation, or to the legitimate interests of developing countries. In order to prepare for the negotiations, the EC has initiated an environment and sustainability review of the Round and other WTO Members intend to undertake similar studies.

Another trade and environment issue of great interest to many developing countries is the issue of intellectual property rights (Trade Related Intellectual Property Rights TRIPS). It would be useful to consider the relationship between the WTO TRIPS Agreement and the intellectual property rights related provisions of the UN Convention on Biological Diversity. The Commission will address the capacity of developing countries to identify and seek their legitimate rights in relation to the intellectual property rights provisions of the Biodiversity Convention in the biodiversity action plan currently under preparation (see also section 5).

The trade related objectives of EC co-operation policies are pursued through formal trade arrangements, as in the Lomé Convention, with co-operation partners and through trade promotion schemes. A concrete example of how environment is currently taken into account in trade agreements is in Protocol 10 to the Lomé IV

¹¹ Community objectives for the next WTO Round have been elaborated in the July 1999 Commission Communication on the New Round: "The EC approach to the WTO Millennium Round", which also includes more extensive discussion on the overall role and needs of developing countries. Similar issues were discussed in Commission Communication COM(96) 54 final on Trade and Environment.

Convention. It represents the first formal agreement at international level acknowledging the need for the development of forest-certification systems for trade in tropical wood, based on criteria and indicators harmonised at international level.

Furthermore, the Generalised System of Preferences (GSP) includes the possibility to give additional preferential treatment to countries that respect minimum social and environmental standards. Opportunities should be identified to use this arrangement, which is fully compatible with WTO rules, more frequently¹². Negative impacts on relative preferences for trading partners under the GSP scheme as well as Lomé and other regional agreements should be avoided. This is one of the elements to be taken into account in the negotiations in order to avoid any unacceptable reduction of margins of preferences in key sectors of developing countries. One implication of the results of the negotiations could be the need to increase current GSP preferences, including those under the environmental and social incentive components.

Any tariff initiatives of the next WTO round must take into account the particular concerns of the least developed countries. The Community has proposed an up front commitment from all developed countries to implement, no later than the end of the Round, duty free access for essentially all products from least developed countries.

The increasing globalisation and the consequent need for developing countries to improve their competitiveness in order to integrate successfully in the world economy increase the need for private sector development. Private sector development demands a stable macro-economic framework and a well functioning framework of policies and institutions, including the ones designed to ensure protection of the environment and sustainable use of natural resources.

For these reasons, support for the development of the private sector is a key area of the development co-operation policy of the European Union. In its efforts to improve the competitiveness of the private sector in the developing countries, the EC should pay particular attention to the integration of environmental considerations into private sector operations. This could include promotion of environmental management systems, environmental auditing and reporting and adherence to internationally agreed codes of conduct. Privatisation of provision of environmental services (for example waste management, sanitation and wastewater treatment) could also improve economic and environmental efficiency. Furthermore, internationally operating companies have experience in introducing and implementing environmental management systems and cleaner production and technologies. EC industrial and economic co-operation policies should seek to promote such positive role of international companies and to disseminate good practises.

In terms of international investment, developing countries have traditionally been mostly in the role of host countries. Investment flows between developing countries have also been growing but remain relatively modest and unevenly spread. The position of the Community is that there is a need to establish a multilateral

¹² EC Regulations No. 3281/94 and 1256/96 and Commission Communication COM(97)534/4 'Special incentive arrangements concerning labour rights and environmental protection', October 1997

framework of rules governing international investment addressing the issue of access to investment opportunities and of non-discrimination, protection of investment, and stable and transparent business climate. In order to be conducive to sustainable development, the framework of rules should preserve the ability of host countries to regulate, in a transparent and non-discriminatory manner, the activity of the investors (whether foreign or domestic) on their respective territory for the achievement of legitimate policy objectives. This aspect is of particular importance for developing countries. In this respect, traditional provisions on special and differential treatment (e.g. exemptions and exceptions, or longer transitional periods) for developing countries may no longer suffice. Rather, the dimension of environment and sustainable development should be built into the rules themselves, in a manner that allows all countries to implement and apply them.

Commission strategy:

The EC should seek to fully integrate environmental and sustainable development considerations into the next WTO round. In particular, the objectives stated in the Commission Communication "The EC Approach to the WTO Millennium Round" should be pursued, taking into account the legitimate needs of developing countries.

The Community should support capacity building for trade negotiators from developing countries to be fully aware of potential environmental implications of trade measures. The capacity of developing countries to identify and seek their legitimate rights in relation to the intellectual property rights provisions of the Convention on Biological Diversity will be addressed in the biodiversity action plan currently under preparation.

Opportunities to make more extensive use of the possibility of giving preferential treatment to products that have been produced in an environmentally sustainable way, provided for by the existing provisions of the Generalised System of Preferences (GSP), should be identified.

Future negotiations on tariffs should seek to avoid any unacceptable reduction of margins of preferences in key sectors of developing countries. If margins are reduced, possibilities for compensation through increasing current GSP preferences, including those under the environmental and social incentive components, should be considered.

Policies and programmes for support of private sector development should take environmental considerations fully into account. Privatisation and support for the development of the private sector should be accompanied by strengthening the public environmental regulatory and monitoring functions. Provision of environmental services by the private sector will be promoted.

Negotiations on multilateral rules on international investment should take account of the needs of developing countries and have a built in environmental and sustainable development dimension. The rules should adequately preserve the ability of host countries to regulate, in a transparent and non-discriminatory manner, the activity of the investors on their respective territory for the achievement of legitimate policy objectives.

4.3. Campaign against poverty¹³

The relationship between poverty and environment is highly complex and has both positive and negative inter-relationships. In order to explore more systematically these important issues, the Commission actively participates with other donors in two major initiatives.

¹³ Article 177 of the Treaty Establishing the European Community sets the campaign against poverty as one of the three main objectives of the EC development co-operation.

In 1998, UNDP and the Commission have launched an initiative on Poverty and Environment. A technical review concludes that many promising policy approaches exist that foster the positive inter-relationships, i.e. promoting poverty alleviation through the improvement of the environment or vice versa.¹⁴ The results of this review will also contribute to a better understanding of policies potentially leading to undesirable trade-offs between poverty reduction and environmental enhancement. The lessons from this systematic screening exercise were shared and discussed in September 1999 by a Forum of Ministers jointly chaired by the Commission and UNDP. This forum will continue its discussions and exchange of experiences in order to feed the results into the on-going co-operation programme, the annual meeting of the UN Commission on Sustainable Development and events related to the major UN Conferences.

Within the framework of the Development Assistance Committee (DAC) the Commission is an active member of the DAC Poverty Network and is co-chairing the Working Group on Policy Coherence. This working group will focus its work on the coherence of food security, trade and debt policies with development co-operation, but it is hoped to also undertake work on environmental policy, building on the previous study.

An Action Plan on Capacity Building for Poverty Reduction is currently under preparation by the European Commission within the post-Lomé negotiation process. The objective should be to ensure that in the policy dialogue with the partner countries and the design of co-operation programmes and projects opportunities for strengthening positive linkages between poverty and environment are more systematically acknowledged.

Commission strategy:

The linkages between poverty and environment should be more systematically acknowledged in the policy dialogue with the partner countries and in the design of co-operation programmes and projects, in particular through the Action Plan on Capacity Building for Poverty Reduction under preparation.

5. IMPLEMENTATION OF OBLIGATIONS OF MULTI-LATERAL ENVIRONMENT AGREEMENTS AND PROCESSES

The European Community is party to 37 environmental Conventions, Protocols and Amendments and has signed another 15 (the most relevant agreement and protocols are listed in Annex III). In addition, there are other types of agreement with major effects on natural resources and the environment, such as the ones establishing Regional Fisheries Organisations and the UN Convention on the Law of the Sea, as well as ongoing negotiations on new environmental agreements. Similarly,

¹⁴ Sectoral studies on macro-economic policies and trade, agriculture, forestry, water, urban development, energy on linkages between poverty and environment in these sectors. For more details consult the following Webpage: <http://www.undp.org/seed/pei>

developing countries are parties to a wide range of environmental agreements and processes.

Encouraging developing country participation in such agreements and processes and their implementation should be addressed in the policy dialogue and programming with partner countries. The most important measures include identifying country specific priorities and addressing them within the framework of comprehensive national strategies for sustainable development. Other activities should include capacity building for designing and implementing policies and measures, and for training, monitoring and reporting on progress, and collaboration on research and technology development. Linked to this is the need for the Community to identify opportunities to strengthen capacity of developing countries to negotiate emerging environment agreements, to participate fully in relevant international fora (for example the United Nations Environment Programme and the United Nations Commission on Sustainable Development), as well as to prepare their negotiating positions within like-minded groups, for instance the Alliance of Small Island States.

The Commission puts an emphasis on supporting the developing countries' efforts to respond to global environmental issues and to implement the major UN Environmental Conventions on climate, biodiversity and desertification. The requirements of these Conventions are also mainstreamed into EC economic and development policies as well as in several other sectoral policies and programmes through the elaboration of implementation strategy papers, in particular:

- The Commission Working Document "EC economic and development co-operation: responding to the new challenges of climate change" and the forthcoming Council Conclusions on this issue¹⁵;
- A Biodiversity Action Plan under preparation for EC development co-operation as a part of the overall EC Biodiversity Action Plan (based on the EC Biodiversity Strategy launched in 1998).
- The Commission Staff Working Paper on "The European Community's Policies, Programmes, Financial Instruments and Projects Relating to Combating Desertification in Developing Countries and EU Member States", which is now being revised for the fourth Conference of the Parties to the UN Convention to Combat Desertification to be held in 2000.

It should be kept in mind that, although of central importance, these global issues and Conventions form only part of a much wider range of environmental issues and agreements requiring adequate attention and resources from the Community and the partner countries. In addition, new obligations might enter into force, i.e. binding commitments of developing country parties under the Montreal Protocol. Moreover, new MEAs are constantly under negotiation and being completed, such as the ones on chemical management and the possible negotiations on a global instrument on forests.

¹⁵ Climate change has also been identified by the Vienna Summit as a priority area of the overall environment integration process

The EU promotes as high a level of environment integration as possible. Therefore, the EU should use its full weight in all aspects of international environmental negotiations. For instance, opportunities to better co-ordinate EU objectives in relation to the operation of the various international funds, including those designed to implement MEAs, should be fully explored.

Commission strategy:

The efforts of developing countries to implement the obligations of international environmental agreements and processes will be supported through identifying country specific priorities and addressing them within the framework of national strategies for sustainable development and through development of policies and measures related to specific environmental agreements and processes. Particular emphasis will be given to the role of developing countries in the protection of the global environment.

Opportunities for setting up procedures which enable developing countries to better participate in international negotiations and other processes should be looked into in close co-operation with developing countries and other aid donors.

The requirements of the major UN Environment Conventions will continue to be mainstreamed into EC economic and development policies through specific strategies and action plans.

6. INTEGRATION OF ENVIRONMENT INTO THE PROGRAMMING AND PROJECT CYCLE

6.1. Allocation of financial resources towards environmental programmes

Funds committed and disbursed to ACP and ALA-MED countries for primarily environmental projects or for environmental components of other projects were 8.5% (€ 1,339 million) of total funds committed between 1990 and 1995.¹⁶ The share of funds allocated to environmental projects differed considerably between regions. Whereas in the ALA region 15% of funds from the financial and technical budget lines were committed (thus meeting the 10% target of the ALA Regulation), only 5% of MED Budget Lines¹⁷ and 3% of EDF VII funds were committed to distinctly environmental projects. A review of EC financial contributions towards the environment in ACP and ALA-MED countries during years 1996 - 1999 is currently under way.

¹⁶ This evaluation only considered budget lines and funds managed by DGIB and DGVIII and, therefore, did not take into account environment-related funding of other DG's like DGXI (environment) and DGXII (research).

¹⁷ From the Financial Protocols and from the MEDA Programme. It should be noted that significant additional assistance has been provided to environmental projects and programmes in the Mediterranean through the Mediterranean Environmental Technical Assistance Programme, as well as through loans and interest subsidies made by the European Investment Bank (EIB).

Under the Phare Programme, commitments to environment and energy programmes over the period 1990-98 amount to € 570 million, representing 7.3% of the total Phare Programme. From the Tacis Programme, € 347 million were allocated to nuclear safety and environment during 1995 to 1997 of which environment represented approximately € 67 million. Environmental programmes have also been initiated under the OBNOVA Regulation for the republics of the former Yugoslavia.

Priority environment themes for funding are stated in the Lomé Convention, the Barcelona Declaration and the Short and Medium Term Priority Environmental Action Plan (SMAP), the Commission Communication "Europe-Asia Co-operation Strategy in the Field of Environment"¹⁸, and the relevant Regulations. For ACP-ALA-MED, the environment themes receiving most funding during 1990 to 1995 were land resources, tropical forests, urban environment, institutional strengthening, biodiversity, marine resources and technology transfer. Furthermore, research actions taken under the Fifth Framework Programme for Research and Technology Development on global environmental issues (for example the Key Action 'Global Change and Biodiversity') and more specifically the 'Confirming the International Role of Community Research' programme are relevant.

Developing countries themselves have the key role in tackling environmental problems but also for allocating resources according to their own priorities. The EC must put more emphasis into the dialogue with our partner countries in order to raise the importance of environmental issues in their political agendas. EC funding for specific environmental purposes remains modest compared to the overall flows of EC aid (more detailed figures are presented in Annex IV). The main part of environmental funding will continue to come from the main geographical financing instruments as part of regular co-operation activities. Therefore, it is of central importance to continue integrating environmental considerations into all EC aid instruments and to ensure that the environmental impacts are assessed.

A strategically important Budget Line is 'Environment in Developing Countries', which is a specific instrument to implement pilot activities and strategic studies. It can be used to flexibly respond to up-coming environmental issues. Capacity building efforts specifically targeted on environmental issues and integration of environment and sustainable development into social and economic policies must be stepped up. The focus on a small number of priority themes will be continued for improved efficiency and dissemination of results. In particular, the results and lessons learned will be used in connection with the overall evaluation of environmental performance of EC aid.

There is still a need to improve accounting of environmental expenditures and make it more easily comparable between regions and with the environmental expenditure of EU Member States' economic and development co-operation. One step in that direction would be an introduction of the OECD DAC marker system for accounting contributions towards international environment agreements. However, the allocation of environmental funding to different regions, countries or themes does not necessarily reflect the magnitude of environmental problems. Other factors can

¹⁸ Commission Communication COM(97)490

include limited political commitment and weak administrative and management capacities in host countries leading to relatively low demand for environmental projects. These issues can best be addressed in the policy dialogue with partner countries.

Commission strategy:

Dialogue with partner countries on environmental issues will be strengthened and the integration of environmental considerations into all EC aid financing instruments continued in order to successfully tackle global environmental issues, priority environment themes of the regional co-operation agreements and region and country specific priorities.

Capacity building efforts specifically targeted at environmental issues and integration of environment and sustainable development into social and economic policies will be stepped up. In the case of strategic funding instruments the focus on a small number of priority themes will be continued and the results and lessons learned used in connection with the overall evaluation of environmental performance of EC aid.

A more uniform system for accounting environmental expenditures will be developed with the aim of making it more easily comparable between regions and with the environmental expenditure of EU Member States' economic and development co-operation. The OECD DAC marker system for accounting contributions towards international environment agreements will be introduced.

6.2. Integration into country and regional strategies and programming

Programming is the initial planning process for a group of co-operation activities in a broad context through a dialogue with relevant stakeholders in the partner country or region.¹⁹ Therefore, the programming phase is an appropriate opportunity to ensure that co-operation activities fit into national or regional strategies for sustainable development.

At the 1997 Earth Summit + 5 all countries committed themselves to prepare national strategies for sustainable development by 2002. In the DAC all bilateral donors have committed themselves to helping developing countries to have such strategies under implementation by 2005 in order to start reversing environmental degradation trends by 2015.²⁰ Sustainable development strategies are country specific, participatory processes aimed at ensuring that existing policies and their implementation take environmental considerations into account and combine them

¹⁹ During programming, the national and sectoral situations are analysed to identify problems, constraints and opportunities that potential development co-operation activities could address.

²⁰ OECD/DAC Development Partnership Strategy "Shaping the 21st Century: The Contribution of Development Co-operation", May 1996. The objective was further clarified by the 37th DAC High Level Meeting (11-12 May 1999) in document DCD/DAC(99)11 'Clarifying DAC targets and strategies: National strategies for sustainable development'.

with socio-economic development objectives. The strategies can provide a framework for integrated, comprehensive and coherent approaches that are owned by the developing countries themselves and that at the same time provide a framework in which all partners can work coherently. A set of guidelines for donors on how best to support such strategies is under preparation by the DAC Task Force on national strategies for sustainable development co-chaired by the United Kingdom and the Commission. The Commission will continue to support the development and implementation of national strategies for sustainable development and will make appropriate use of the DAC guidelines.

Major projects and programmes at the regional level are likely to have cross-border environmental effects. In such cases emphasis should be placed on complementarity between national and regional indicative programmes in order to avoid overlaps or gaps. Furthermore, certain regional groupings, for instance the Small Island Developing States (SIDS), might be faced with similar environmental problems, which can be addressed in a more cost-effective way through regional co-operation or other forms of South-South co-operation.

As regards the Community's relations with central Europe, environment is a special priority, reflecting the application of the ten countries to accede to the European Union. In this pre-accession context, the candidate countries are required to incorporate rapidly the environmental 'acquis communautaire' into their national laws.²¹

Country Strategy Papers and Regional Strategy Papers as currently developed for ACP, ALA and MED countries aim at improving the coherence of EC development co-operation policies towards these countries. At present, the programming exercise is being harmonised and the same environmental integration procedures should be used for all regions at the different stages of programming. A manual with revised guidelines for the integration of environmental aspects in policies and programming is currently under preparation. Environment integration during programming serves two objectives:

- to identify and avoid harmful direct and indirect environmental impacts of co-operation programmes which can undermine sustainability and counteract achieving the development co-operation objectives,
- to recognise and realise opportunities for enhancing environmental conditions, thereby bringing additional benefits to development and economic activities and advancing environmental issues that are a priority for the EC.

²¹ The environment priority will be further emphasised after the year 2000 by the introduction of two further Community "pre-accession" instruments in addition to Phare – one specifically for environment and transport infrastructure and the other for rural development. In addition, all Community co-financed investment support projects in Central Europe are required to meet EU environmental impact assessment requirements.

Under the revised guidelines, this will be achieved in a three step approach. In the first instance a Country Environmental Profile²² and relevant external performance indicators (such as those described in section 8.3) should serve as an input to the country strategy document. The second step is the systematic assessment on the basis of the Environmental Profile of the risks and opportunities of the proposed programme²³. Thirdly, the overall quality of the integration of environmental aspects at this stage can be improved through Quality Support Groups. Promising experiences with such an arrangement have been gained for the ACP co-operation. By following these steps, assessment of environmental impacts during programme preparation and implementation is simplified, and programmes are more likely to contribute to sustainable development. It will also reduce the need to evaluate alternatives during formulation of individual projects. A further step would be the inclusion of a short environment chapter in each country report.

Commission strategy:

Policy coherence and environmental issues will be part of each country dialogue. In its co-operation activities the Commission will continue to support the preparation and implementation of national strategies for sustainable development and will make appropriate use of the DAC guidelines for their elaboration.

In regional programmes, solutions for trans-boundary environmental problems should be identified, with emphasis on complementarity between national and regional indicative programmes.

The Commission will adopt the revised guidelines on the integration of environmental aspects into country dialogues and into programming of economic and development co-operation.

6.3. Programme and project identification, implementation, and monitoring and evaluation

The success and sustainability of a development programme or project is influenced directly by the way it interacts with and depends on environmental resources. This therefore needs to be considered during project preparation (identification and formulation) and implementation, so that any environmental problems that could hamper the achievement of the objectives, cause delays, or result in unexpected costs are foreseen and prevented. A preliminary exercise is environmental screening of all projects in order to determine to what extent further environmental action is needed. For those projects that require further action, the Environmental Impact

²² For many countries such environmental profiles already exist (e.g. <http://www.afdb.org/about/oesu-cep.html>), and are regularly up-dated. They contain a compilation and analysis of environmental conditions in a country, including key environmental issues, trends and pressures and the government and civil responses, the status of regulatory reforms and the institutions involved.

²³ This strategic review will provide decision-makers with information on key environmental consequences and opportunities of a proposed programme and its alternatives. It should recommend measures for reducing potential conflict between programmes, and new areas for funding priorities to be included in programme documents.

Assessment (EIA) addresses the integration of environmental concerns throughout the project cycle.

Environment assessment procedures for programmes and projects are already mandatory in EC economic and development co-operation. However, there is further room for strengthening them. The revised guidelines will take account of changes of the EC approach to economic and development co-operation, particularly the increased number of sector-wide support programmes for which the tool of Strategic Environment Assessments will be included. As mentioned before, Quality Support Groups could also ensure the overall quality of the integration of environmental aspects into project preparation. For projects that require specific environmental action, scrutiny of the responsible unit should be a mandatory part of the approval process.

Project and programme evaluation reports are presently disseminated internally and to the public for consultation²⁴ on a systematic basis, such as by theme or geographical area. Their findings should be incorporated into future projects and programmes in order to improve project and programme standards. In addition, providing information on Strategic Environment Assessments and Environment Impact Assessments and their results through an electronic database will facilitate public consultations. Learning and improving through comparison, standardised access to relevant information and increased transparency and accountability should be promoted.

Commission strategy:

The revised manual and guidelines on integrating environmental concerns into economic and development co-operation will be used for all co-operation projects, and related training will be provided to all staff dealing with these matters. Projects requiring environmental action need prior scrutiny from the responsible unit.

There will be systematic follow up of the results of co-operation activities through a regular evaluation of the environmental performance of EC aid. In addition, sectoral evaluations of groups of projects will be carried out.

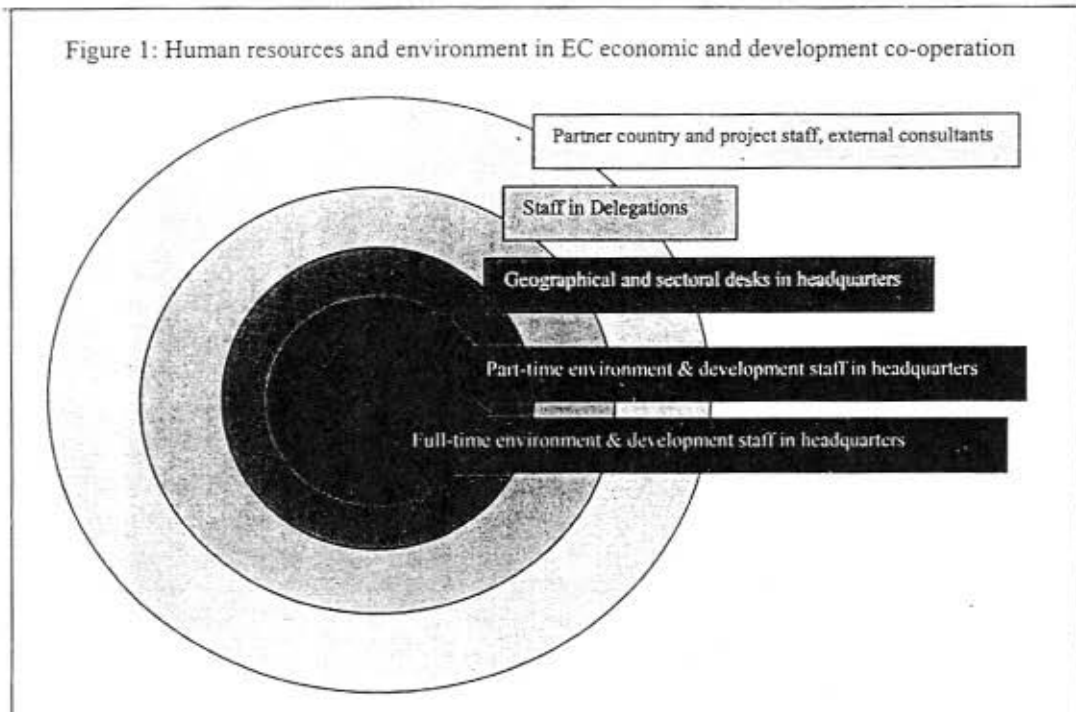
A common database for all Commission economic and development co-operation activities is under development. This will make environment-related information, SEAs and EIAs easily retrievable through the internet. Creating a "lessons learned" page on the Commission web site will be considered as a way of promoting learning.

²⁴ <http://europa.eu.int/comm/scr/evaluation/index.htm>

7. ADVANCING AND EVALUATING THE INTEGRATION PROCESS

7.1. General overview of human resources

The European Commission staff dealing with environmental issues related to economic and development co-operation is spread in several Directorate-Generals. This wide spread facilitates integration of environmental issues into the policies and programmes of each Directorate-General (DG). Figure 1 illustrates this broad concept.



In order to achieve effective integration, such a concept requires effective networking between the core groups, i.e. those who work full or part-time on questions related to environment in economic and development co-operation, and the other staff of the Commission. Across Directorate-Generals this is achieved through Inter-Service groups (e.g. Integration correspondents, Core Group Environment and Development) and within a single Directorate-General through task teams. In total, 24 and 38 officials work full-time or part-time, respectively, spread over seven Directorate-Generals and Services are dealing with environment in the field of economic and development co-operation.

Their work covers international environmental negotiations, EC environment policy formulation and implementation, preparation of guidance, monitoring of environment assessments, as well as preparation and monitoring of environmental projects. Some of the tasks are also supported through external consultants. In the developing countries, Community financed environmental projects are prepared and implemented by external technical assistance. The Commission maintains a supervisory function through headquarters and an extensive network of EC Delegations in developing countries.

With respect to the adequacy of staffing levels, the 'Evaluation on the Environmental Performance of EC Programmes in Developing Countries' (1997) came to the conclusion that staff resources in the ALA-MED and ACP regions in relation to commitment levels were considerably lower in comparison to other major donors²⁵. The problem of limited staff resources, in particular for environmental issues, should be carefully looked at given the tight overall spending targets on personnel as agreed by the EU Member States in the Agenda 2000. Furthermore, efforts need to concentrate on strengthening the capacity of Commission Services and partner country administrations to improve the environmental performance of EC aid. The following avenues exist within the current mandate of the environmental units:

- capacity building in the partner countries so that they can assume more responsibilities when it comes to the environmentally sound implementation of co-operation programmes,
- increase the capacity of existing staff to integrate environmental aspects adequately into the economic and development co-operation programme (see next section),
- streamline internal procedures to take environmental issues systematically into account and to share the tasks among a larger number of staff,
- establish a simple system in order to continuously monitor and to improve the quality of the output,
- identify additional options to outsource certain activities.

Commission strategy:

The capacity of existing staff to integrate environmental aspects into the economic and development co-operation programmes will be increased through training, better networking of environmental staff and streamlining of internal procedures.

The quality of the output is assessed through overall, sectoral and project specific evaluations of the environmental performance of EC aid. Outsourcing options will be fully exploited.

Co-operation activities will aim to build partner countries' capacity to assume more responsibilities in environmentally sound implementation of co-operation programmes.

7.2. In-house capacity building, training and knowledge sharing

As already mentioned in the previous section, capacity building and training is one of the major strategic activities in order to further integrate environment and

²⁵ ACP: € 1300 million of total aid per staff member; ALA-MED: € 600 million per staff member; DfID: € 166 million per staff member; World Bank: € 180 million per staff member (1995). Source: ERM (1997).

sustainable development into economic and development co-operation policies. Therefore, the Commission services started in 1999 a series of two-day training courses²⁶. These modules will be tested in 1999 and 2000 in headquarters but also in Delegations in the ACP and ALA-MED regions. Afterwards regular environment training should be extended to cover all co-operation areas. In addition, training should be made compulsory for all geographical desk officers and thematic staff with a priority for those dealing with environmentally sensitive programmes and projects.

As a first step into this direction, a comprehensive training needs assessment will be undertaken in 2000 in order to quantify the number of staff which will require further environmental training and to determine the environmental subjects which should be covered. This needs assessment will also include the identification of potential opportunities for the integration of an environmental component into other existing training courses²⁷. At the same time, clear objectives and indicators in order to measure the success of such training should be established.

Besides formal training, networking on these issues is very important. This applies in particular for the development co-operation of the European Union, which offers a large diversity of experiences. In the partner countries where environmental expertise is most thinly spread, a more systematic exchange of views among Member States on environmental issues in would be beneficial.

Information dissemination has been greatly facilitated through the rapid expansion of telecommunications and the internet in developed and developing countries. The creation of the Commission webpage by the end of 1999 on 'Environment and Development Co-operation' will provide easy access to key documents and sites.

Commission strategy:

Environmental training courses will be developed further and gradually extended to cover all co-operation areas.

A comprehensive training needs assessment will be carried out in 2000. Objectives and indicators to measure the success of training will be established.

On the basis of the needs assessment, possibilities to make training compulsory for geographical and sectoral policy desk officers dealing with environmentally sensitive programmes and projects will be looked into.

Opportunities for better networking between the EC and Member States, in particular in the Delegations, as well as for a more structured provision of information should be considered in co-operation with Member States.

²⁶ They comprise the following four modules: (i) introduction to environmental problems and EC commitments to multi-lateral environmental agreements, (ii) environmental policy dialogue and programming, (iii) environmental integration into the project cycle, (iv) environmental economics.

²⁷ such as Project Cycle Management, Financial and Economic Analysis, Poverty and Gender training.

7.3. Evaluating performance of the environmental integration

Overall environmental performance of EC aid will be evaluated regularly. The next comprehensive assessment will be initiated in the year 2000 and completed in 2001. The evaluation will assess progress in implementing the recommendations of the previous evaluation from 1997 and the environmental performance of EC aid during 1995-2000. Such an evaluation will have to assess the overall performance from an external and an internal angle.

The external angle will look more generally at country- or region-specific environmental indicators in order to identify the magnitude and direction of environmental trends. A DAC Working Group on sustainable development is developing such indicators (Annex V). These general indicators will be used to adjust and focus EC co-operation programmes and policies as required and included in relevant reports. They can be used to assess global trends and progress of an individual country towards sustainable development objectives and to guide regional and country planning and programming. Since the DAC indicators only include a few core indicators for each sphere of sustainable development, other sets of indicators²⁸ and sources of data will also have to be used in order to get a more precise picture of development trends in the country or region in question.

There is often a lack of internationally comparable data in the field of environment for developing countries. This hinders their policy making and meeting the reporting requirements of multilateral environmental agreements. A co-ordinated effort of assistance to build capacity in environmental statistics in developing countries needs to be pursued by the EC and Member States and with partners in the DAC and in the World Bank and the United Nations System.

In addition to assessing progress at the global level and in the developing countries, there is a need to assess internal progress in integrating environment and sustainable development into EC economic and development co-operation. The set of objectives, specific actions for the period 2000 to 2002, and related indicators presented in Annex VI will be used to this effect.

Commission strategy:

The environmental performance of Community economic and development co-operation programmes will be independently evaluated in 2001.

Core indicators used by the OECD DAC to monitor trends at a global level will be used to adjust and focus EC co-operation programmes and policies where necessary. They will also be used to assess progress of individual countries towards sustainable development objectives, to guide regional and country planning and programming and project management, and for evaluation purposes.

Statistics on environmental trends will be made available on the internet, and

²⁸ Such sets are for example the Human Development Index, Sustainable Development Indicators being developed by the UN Commission on Sustainable Development, Minimum National Social Data Set of the United Nations Statistics Division, and the General Data Dissemination System of the IMF.

developing countries will be assisted in capacity building in the area of environmental statistics.

A set of objectives and indicators will be used and developed further in order to monitor progress on the integration of environmental issues into EC aid programmes.

8. CONCLUSIONS

Developing countries have primary responsibility for identifying and responding to environmental issues which are of their concern and for integrating environmental considerations into their policies. Their national strategies for sustainable development will play a key role in this context. The previous chapters clearly indicate many opportunities and options on how EC policies should support their efforts and how to further integrate environmental aspects into EC economic and development co-operation. A number of these opportunities and options for environmental integration were already identified in earlier internal documents. The main challenge, therefore, is to ensure –in a credible and transparent way – that they are fully developed and that the integration process is advancing at a strong pace. Three basic elements are of crucial importance in this respect:

- (1) Political commitment to the integration process at each level of hierarchy is the pre-condition.
- (2) The integration process needs to be firmly institutionalised in the organisational structure and given sufficient institutional weight. Many other private and public organisations, not only in development co-operation, are currently battling with similar issues, in particular when taking the broader perspective of the integration of the concept of sustainable development. For instance, OECD and the World Bank have decided to give this broader integration process a stronger weight and visibility within their organisational set-up and have created special units at high level to oversee the integration process. The Commission will examine these organisational aspects further in the near future.
- (3) Furthermore, sound management of the overall quality of the integration process is another key factor. The most credible avenue in this respect is to try to achieve the certification and accreditation of the environmental integration process in accordance with an internationally acknowledged and standardised environmental management system.²⁹ Independent certification

²⁹ The most important ones are the International Standardization Organization ISO 14001 Standard and the European Community Eco-Management and Audit Scheme EMAS. An environmental management system is a management tool enabling an organisation to control the impact of its activities, products or services on the environment. An environmental management system makes possible a structured approach to setting environmental objectives and targets, to achieving these and to demonstrating that they have been achieved. The standards aim at providing a framework for an overall, strategic approach to organisation's environmental policy, plans and actions along with a commitment to continuous improvement.

would give the process the necessary transparency and visibility. The Commission will explore the ramifications of obtaining such a certification in the coming months.

ACRONYMS

ACP	African-Caribbean-Pacific
ALA	Asia and Latin America
CEE	Central and Eastern Europe
DAC	Development Assistance Committee
DG	Directorate General
ECE	Economic Commission for Europe
EBRD	European Bank for Reconstruction and Development
EMAS	European Community Eco-Management and Audit Scheme
EC	European Community
EDF	European Development Fund
EIB	European Investment Bank
EIA	Environmental Impact Assessment
FAO	Food and Agricultural Organisation
GSP	Generalised System of Preferences
ISO	International Organization for Standardization
MEA	Multilateral Environment Agreement
MED	Southern Mediterranean, Near and Middle East
NIS	New Independent States
NSSD	National Strategy for Sustainable Development
OBNOVA	A Serbo-Croatian word for reconstruction
OECD	Organisation for Economic and Co-operation and Development
SEA	Strategic Environmental Assessment
SIDS	Small Island Developing States
TRIPS	Trade Related Intellectual Property Rights
UNCSD	United Nations Commission on Sustainable Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
WTO	World Trade Organisation

ANNEXES

ANNEX I: LEGAL TEXTS ON INTEGRATION OF ENVIRONMENT AND SUSTAINABLE DEVELOPMENT INTO EC ECONOMIC AND DEVELOPMENT CO-OPERATION

COMMITMENT	PROVISIONS/COMMENT
Treaty establishing the European Community	Article 6: "Environmental protection requirements must be integrated into the definition and implementation of the Community policies and activities referred to in Article 3 [which lists EC policies], in particular with a view to promoting sustainable development."
Lomé IV Convention (1990-2000)	Contains the strategic objective of achieving a "sustainable balance between economic objectives, the rational management of the environment and the enhancement of natural and human resources". A title on the environment lays out the principles, priorities and procedures for action.
Council Regulation 443/92 on financial and technical assistance to, and economic co-operation with, the developing countries in Asia and Latin America	Protection of the environment and natural resources, and sustainable development are set as long-term priorities. 10% of financial resources to be set aside from budget lines for technical and financial assistance to ALA regions for the protection of the environment and natural resources
Council Regulation 1488/96 on financial and technical measures to accompany (MEDA) the reform of economic and social structures in the framework of the Euro-Mediterranean partnership	The Regulation states that "the Community shall reform economic and social structures and mitigate any social or environmental consequences which may result from economic development".
Council Regulation 1279/96 concerning the provision of assistance to economic reform and recovery in the New Independent States and Mongolia (TACIS)	Environmental considerations have to be taken into account when designing and implementing programs. Environmental considerations have been applied on an ad-hoc basis for projects and programs likely to have an environmental impact. Projects to address environmental problems introduced on a systematic basis from 1996. In 1999 a new Tacis Regulation will be adopted covering 2000-2006. The Commission has proposed to strengthen the environment aspects of the programme, including environmental integration.
Council Regulation 3906/89 on economic aid to the Republic of Hungary and the Polish People's Republic and its extensions to include other countries (PHARE)	Environment identified as a priority area.
Council Regulation 722/97 on environmental measures in developing countries in the context of sustainable development	Sets out the framework for Community assistance from the 'Environment in Developing Countries' Budget Line (B7-6200) aimed at enabling developing countries to integrate the environmental dimension in their development process. Projects supported are pilot actions and strategic studies. Proposal for a new regulation currently under discussion.
Council Regulation 3062/95 on operations to promote tropical forests	Sets out the framework for Community assistance from the 'Tropical Forests' Budget Line (B7-6201) aimed at supporting the conservation and sustainable management of tropical forests in developing countries. A Manual on Forest Sector Development Co-operation is available. The new regulation currently under discussion will include other types of forests in addition to tropical forests.
Council Resolution of 28 May 1996 on Environmental Assessment in Developing Countries	States that Environmental Impact Assessment, EIA, is one of the most important tools for environment integration and the aim is to fully integrate environmental concerns in the project and programme preparation as well as at the strategy and policy levels.
Council Directive 90/313/EEC on the freedom of access to information on the environment	The objective is "to ensure freedom of access to and dissemination of information on the environment held by public authorities". Although directed to Member States it is also a principle that the Commission is expected to apply to other countries.

ANNEX II: INTEGRATION OF ENVIRONMENT INTO SELECTED EC ECONOMIC AND DEVELOPMENT CO-OPERATION POLICY DOCUMENTS SINCE 1992

Unless otherwise indicated, all the policy documents referred to are Commission Communications.

SECTOR OR ISSUE AREA	YEAR	ESTIMATED DEGREE OF ENVIRONMENT INTEGRATION / OTHER COMMENTS	SECTORAL GUIDELINES	STRATEGIC STUDIES
Energy	(2000)	Orientation note in preparation. Emphasis will be on renewable energies and environmental concerns will be taken into consideration.		Energy as tool for Sust. Dev. in ACP
Structural Adjustment	(1999)	Communication in preparation. Draft communication discusses environment only in relation to health issues.		Macroeconomic reforms and Sust. Dev. In Southern Africa
Trade	1999	Environment integrated into the policy. "The EU approach to the Millennium Round" discusses developing country and environmental issues extensively. They are also prominent parts of the EU Submission to the WTO 1997 High Level Meeting on Trade and Development and Communication on Trade and Environment in 1996.		Studies on certain countries, see footnote 7
Urban development		Sectoral guidelines in preparation. Will include environment as a cross cutting issue to be integrated to all urban development activities. ACP-EU Joint Assembly Resolution on Urban Development in ACP Countries (1997) calls for Commission strategies to address urban problems and opportunities.	2000	An evaluation of past projects
Rural development		Rural Development Policy for Developing Countries under preparation. Agriculture, Livestock and Fisheries policies under preparation. Agriculture, livestock and fisheries guidelines under preparation.	1998 (IPM)	Integrated Pest Management (IPM)
Fisheries	1999	Environment integrated into the policy. However, the Communication is mainly focused on Europe and the CFP. A policy document is in preparation on coherence between fisheries agreements and fisheries, which has a special emphasis on more sustainable resource use.		SIFR ³⁰ 1992 EU-ACP Dialogue on Fisheries Research Initiative -95-97

³⁰ A Study of International Fisheries Research by the World Bank, EC, UNDP, FAO, 12 bilateral donors and one industry organisation

Private Sector Development	1999	Environment partially integrated into the policy. Communication limited to ACP countries. Focus on economic development. Identifies technical support for environmental protection as one of the elements of support to governments to devise and implement "second generation" reforms. Respect for social and environmental standards is identified as one of the areas for dialogue with the European and ACP private sector.		
Tourism	1999	Environment fully integrated into the policy. Seeks to ensure that the principles of sustainable development, that respect the social, cultural and environmental background, form part of tourism development strategies and schemes and that the positive effects of tourism on growth and employment are maximised.		
Transport	Draft 1999	Environment fully integrated into the policy. Communication focused on to the ACP countries. Provides a strategy aimed to deliver sustainable transport, which is safe, economically, financially and institutionally sustainable as well as environmentally sound and socially aware.	1996	
Forestry	Draft 1999	Environment fully integrated into the policy. Reaffirms commitment to sustainable economic and social development while fostering environmental protection. Pursues the goal of maintaining the multifunctional role of forests through activities both at the policy and field level.	1996	Forestry evaluation 97-98 Sourcebook -98
Biodiversity	1998	Environment fully integrated into the policy. The strategy includes a section on development and economic co-operation		EC/DfID 'Biodiversity in Development' Project
Democratisation, rule of law, human rights and good governance	1998	Environment partially integrated into the policy. Communication limited to ACP countries. Good governance defined as transparent and accountable management of all a country's resources, including natural resources, for its equitable and sustainable social development.		
Microfinance and poverty reduction	1998	Environment partially integrated into the policy. Focus on economic sustainability. Environment identified as one of the areas of impact evaluation. It is also noted that environmental considerations should become a more prominent part of international donor co-ordination and practice.	(Micro-finance) 1998	
Indigenous peoples	1998	Commission Working Document. Environment fully integrated into the policy. Aims to enhance indigenous peoples' right and capacity to control their own social, economic and cultural development and capacity for sustainable management of biological resources.		
Fresh water management		Environment fully integrated into the guiding principles of the sectoral guidelines "Towards sustainable water resource management".	1998	
Scientific and Technological Research	1997	Environment integrated into the policy. Underlines the strategic role that Research and Technology Development (RTD) has to play in promoting sustainable development in the developing countries and achieving the Community's development co-operation objectives.		Several within the 5 th RTD Framework Programme
Human and social development	1996	Commission Working Document. Environment partially integrated into the policy. Natural capital identified as one form of capital, the sustainable management of which is a fundamental precondition to human and social development.		
Relief, Rehabilitation and Long-term Development	1996	Environment partially integrated into the policy. Sustainable development addressed as an overall objective and environmental impacts of crisis situations identified as an area requiring action.		

Regional economic integration	1995	Environment partially integrated into the policy. Focus on economic sustainability, environmental degradation identified as one issue requiring increased regional co-operation.		
Gender issues	1995	Environment partially integrated into the policy. Focus on social and economic sustainability. The role of women in the sustainable management of natural resources is emphasised.		
Health	1994	Environment partially integrated into the policy. Focuses on the need to create an environment favourable to health. Environmental health not separately addressed.		Health and Environment in ACP Countries
Food security	1994	Environment or sustainable development not explicitly mentioned. Focus on co-ordination between the Community and the Member States.		
Education	1994	Environment or sustainable development not explicitly mentioned. Focus on co-ordination between the Community and its Member States on education and training schemes.		
Campaign against poverty	1993	Environment partially integrated into the policy. Focuses on social and economic sustainability, environment mentioned in passing.		EC/UNDP Poverty and Environment Initiative
Family planning	1992	Environment partially integrated into the policy. Focus on social and economic development. States that current rates of population growth will increase the pressure on scarce resources such as water and on the environment in general.		
Run-up to 2000	1992	Environment integrated into the strategy, e.g. global environment identified as a new form interdependence and important area of co-operation in all geographical regions		

ANNEX III: COMMUNITY PARTICIPATION IN MULTILATERAL ENVIRONMENT AGREEMENTS (MEAs) AND PROCESSES

The European Community is very active in Multilateral Environmental Agreements and has been a driving force in many of the negotiations in the current framework of international environmental law. The Community's own experience in reaching agreement amongst 15 Member States at rather different levels of development has often been crucial in the search for compromises on the wider stage. In turn international agreements have helped to shape the Community's internal legislation.

Equally the work of the Council and its subsidiary Groups means that Union participants have a unique experience of international dialogue. This has often been used to push forward international processes such as Environment for Europe, the Euro-Mediterranean Partnership, the Governing Council of the United Nations Environment Programme, the UN Commission on Sustainable Development, the WTO Committee on trade and Environment, the Intergovernmental Forum on Forests, the Global Plan of Action on Land-based Sources of Marine Pollution (Washington GPA), or the Intergovernmental Forum on Chemical Safety (IFCS).

The European Community is a party to 37 environmental Conventions, Protocols and Amendments, of which all but 5 are in force, and has signed another 15. In all, these represent some 26 distinct agreements, which fall into several groups. The ones relevant for developing countries and EC economic and development co-operation are listed below. Other types of agreements with major effects on natural resources and the environment, such as those establishing Regional Fisheries Organisations and the UN Convention on the Law of the Sea, are not included in these totals.

Not all the environmental agreements cover ACP or ALAMED countries since many are regional agreements for Europe. Nevertheless, this does not mean that these countries have no interest in them. For example, the Economic Commission for Europe (UN ECE) Convention on Long-range Transboundary Air Pollution and its many Protocols have been noted as potential models for other regions in wider international fora including UNEP and the UN Commission for Sustainable Development.

Six of the basic agreements to which the Community is party concern European river basins. Four deal with the seas around Europe. The Community took part in the negotiation of other regional seas agreements such as the Cartagena Convention on the Wider Caribbean Region and the Nairobi Convention on the East African Sea and in some cases signed them, but has not taken action to conclude the agreements or participate in the Conferences of the Parties.

Of the seven distinct agreements to which the Community is party on nature protection, flora and fauna, three have world-wide coverage - the Convention on Biological Diversity (CBD), the Convention to Combat Desertification (CCD) and the Bonn Convention on the Conservation of Migratory Species. In addition, the UN Convention on the Law of the Sea is a global convention. The Community is not a party to another world-wide nature conservation agreement, the Ramsar Convention on Wetlands. However, the Hague Agreement on the Conservation of African-Eurasian Migratory Waterbirds, which concerns a developing region, has been signed but not yet concluded by the Community.

Of the three distinct agreements on air and atmosphere, two are global - the Vienna Convention and its Montreal Protocol as well as the UN Framework Convention on Climate Change (UN FCCC) and its Kyoto Protocol. Two of the four agreements on industry, hazardous substance and waste have world-wide coverage - the Basle Convention on Transboundary Movements of Hazardous Wastes and the UNEP/FAO Rotterdam Convention for the Application of Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, (the PIC Convention).

The two general or institutional agreements, the Espoo Convention on Environmental Impact Assessment in a Transboundary Context and the Aarhus Convention on Access to Environmental Information, Public Participation in Environmental Decision-making and Access to Justice were both negotiated under UN ECE auspices and their content reflect the concerns and institutional capacities of industrial countries. Nevertheless both translate universal principles which were endorsed by the world community in the Rio Declaration into legally binding forms and could be useful models for other regions.

The Community has participated in a further eight completed negotiations but has yet to sign or approve the resultant agreements. These include three of world-wide interest of which two cover a sector different from all those mentioned above. The Convention on the Law of the Non-navigational Uses of Transboundary Watercourses took decades to agree and is not yet in force, but will provide a legal framework for sharing the resources of international rivers and is thus of major interest to many countries. The International Atomic Energy Agency (IAEA) Convention on Nuclear Safety and the IAEA Joint Convention on the Safety of Spent Fuel Management and the Safety of Radioactive Waste may be of more limited application but the Small Island Developing States at least have taken an interest in the latter although they are not signatories to it.

The Community is currently party to the negotiations of another 4 international agreements of which two are of interest here. The Biosafety Protocol of the CBD is primarily intended to facilitate the safe transboundary movement of Living Modified Organisms. The UN Global Instrument on Persistent Organic Pollutants (POPs agreement) is expected to ban at least 12 toxic chemicals which are largely used by developing countries. Furthermore, the Commission actively participates in discussions on a possible global legally binding instrument concerning management and protection of all forests. Such a global instrument could provide a strong incentive for improved implementation and enforcement of policies and legislation established by sovereign nations in order to *inter alia* (i) raise necessary financial resources for Sustainable Forest Management; (ii) develop instruments for internalising the environmental and social costs and benefits; (iii) reduce illegal trade and promote good governance in the forest sector.

In addition the Community takes part in the work of the Convention on International Trade in Endangered Species (CITES), and has implemented the required internal legislation, but has not yet become a party because the Amendment allowing participation by Regional Economic Integration Organisations is not yet in force.

ENVIRONMENT AGREEMENTS MOST RELEVANT FOR EC ECONOMIC AND DEVELOPMENT CO-OPERATION

I. Multilateral environmental agreements and protocols to which the EC is a contracting party or a signatory

WATER - INTERNATIONAL RIVERS AND LAKES

1. Convention on the Protection and Use of Transboundary Watercourses and International Lakes (1992) (UN-ECE)
2. Convention on the Co-operation for the Protection and Sustainable Use of the Danube (1994, Sofia)
3. Convention on the International Commission for the protection of the Oder from pollution (1996, Wroclaw)

OCEANS AND SEAS

4. Convention on the Protection of the Marine Environment of the Baltic Sea Area (1974, Helsinki)
5. Convention for the Protection of the Mediterranean Sea against Pollution (1976, Barcelona) (UNEP)
6. Protocol concerning Co-operation in combating Pollution of the Mediterranean Sea by oil and other harmful substances in case of emergency (1976, Barcelona) (UNEP)
7. Protocol for the prevention of Pollution of the Mediterranean Sea by dumping from ships and aircraft (1976, Barcelona) (UNEP)
8. Protocol for the Protection of the Mediterranean Sea against pollution from land-based sources (1980, Athens) (UNEP)
9. Protocol concerning specially protected areas of the Mediterranean Sea (1982, Geneva) (UNEP)
10. Amendments to the Barcelona Convention (1995, Barcelona)
11. Amendments to the Protocol for the prevention of pollution of the Mediterranean Sea by dumping from ships and aircraft (1995, Barcelona)
12. Protocol concerning specially protected areas and Biological Diversity of the Mediterranean Sea (1995, Barcelona)
13. Convention on the Protection of the Marine Environment of the Baltic Sea Area (1992 Revised Helsinki Convention) (1992, Helsinki) (Not yet in force – Once in force it will replace the 1974 Helsinki Convention)

NATURE PROTECTION – FLORA AND FAUNA

14. Convention on the Conservation of Migratory Species of Wild Animals (CMS) (1979, Bonn) (UNEP)
15. Convention on the Conservation of European Wildlife and Natural Habitats (1979, Bern) (Council of Europe)
16. Convention on Biological Diversity (1992, Rio) (UN)
17. Agreement on the Conservation of African-Eurasian Migratory Waterbirds (1995, The Hague)
18. UN Agreement on the Conservation of Small Cetaceans of the Baltic and North Seas (1992, New York)
19. United Nations Convention to Combat Desertification in Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (1994, Paris)

AIR AND ATMOSPHERE

20. Convention on Long-range Transboundary Air Pollution (1979, Geneva) (UN/EC)
21. Protocol concerning the Control of Emissions of Volatile Organic Compounds or their Transboundary Fluxes (1991, Geneva)
22. Protocol on Long-Term Financing of the Co-operative Programme for Monitoring and Evaluation of the Long-range Transmission of Air Pollutants in Europe (EMEP) (1984, Geneva) (UN/EEC)
23. Protocol concerning the control of emissions of nitrogen oxides or their transboundary fluxes (1988, Sofia)
24. Protocol to the Convention on Long-range Transboundary Air Pollution of 1979 on the further Reductions of Sulphur Emissions (SO₂) (1994, Oslo) (Not yet in force)
25. Protocol on Heavy Metals to the Geneva Convention on Long-range Transboundary Air Pollution
26. Protocol on Persistent Organic Pollutants to the Geneva Convention on Long-range Transboundary Air Pollution
27. Convention for the Protection of the Ozone Layer (1985, Vienna)
28. Protocol on Substances that deplete the Ozone Layer (1987, Montreal) (UNEP)
29. London Amendment to Montreal Protocol (1990, London)

30. Copenhagen Amendment to Montreal Protocol (1992, Copenhagen)
31. Framework Convention on Climate Change (1992, New York) (UN)
32. Protocol to the Climate Change Convention (1997, Kyoto)

INDUSTRY / HAZARDOUS SUBSTANCES AND WASTES

33. Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (1989, Basle) (UNEP)
34. Convention on Transboundary Effects of Industrial Accidents (1992, Helsinki) (UN-ECE) (Not yet in force)
35. European Convention for the Protection of Vertebrate Animals used for Experimental and other Scientific Purposes (1986, Strasbourg) (Council of Europe)
36. (UNEP/FAO) Convention for the Application of the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (PIC Convention – 1998, Brussels)

GENERAL

37. Convention on Environmental Impact Assessment in a Transboundary context (1991, Espoo) (UN-ECE)
38. (UN/ECE) Convention on Access to Environmental Information, Public Participation in Environmental Decision-making and Access to Justice

II. Multilateral agreements, the negotiation of which is finished but not signed by the community

1. Convention on the Law of the Non-navigational Uses of Transboundary Watercourses (1997, New York)
2. Agreement for the Conservation of cetaceans in the Mediterranean Sea and the Black Sea (under the Bonn Convention) (1996, Monaco)
3. Agreement for the Conservation of Bats in Europe (under the Bonn Convention)
4. Protocol on the Transboundary Movements of Hazardous Waste in the Mediterranean (1996, Izmir)
5. Amendments to the Protocol to the Convention of Barcelona relating to the Protection of the Mediterranean Sea from pollution from Land-based sources (1996, Barcelona)

III. Principal multilateral agreements in final phase of negotiation

1. Protocol on Biosafety to the Biodiversity Convention
2. 2nd Protocol Nox to the Geneva Convention on Long-range Transboundary Air Pollution
3. UN Global Instrument on Persistent Organic Pollutants (POPs)
4. Protocol on Water and Health to the UN-ECE Convention on Transboundary Watercourses
5. Liability Protocol to the Basle Convention on Transboundary Movements of Hazardous Wastes and their Disposal

note: Convention on International Trade in Endangered Species (CITES): The Community, not being a Party for the moment to the Convention, plays an essential role even though it is only as Observer.

ANNEX IV: REGIONAL BREAKDOWN OF FUNDING TO DIFFERENT ENVIRONMENT THEMES AND PRINCIPAL EC, EIB, AND EBRD FUNDING INSTRUMENTS FOR THIRD COUNTRIES³¹

Table IV.1 Funding to environment themes in ACP countries during 1990 to 1995

Funding committed from EDF VII to different environment themes		
Theme	Million €	% of funding for environment
Urban environment	64,4	31
Institutional strengthening	32,8	16
Land resources	31,6	15
Biodiversity	29,9	14
Marine resources	13,1	6
Tropical forests	8,3	4
Climate change	3,1	2
Technology transfer	1,9	1
Pollution control	1,6	1

Table IV.2 Funding to environment themes in ALA countries during 1990 to 1995

Funding committed to Asia and Latin America from B7-3001 and B7-3001 (Asia) to different environment themes		
Theme	Million €	% of funding for environment
Tropical forests	94,0	31
Land resources	90,8	30
Institutional strengthening	25,8	17
Technology transfer	23,3	8
Biodiversity	8,3	3

Table IV.3 Funding to environment themes in MED countries during 1990 to 1995

Funding committed from Mediterranean Budget Lines to different environment themes		
Theme	Million €	% of funding for environment
Land resources	57,3	57
Marine resources	19,1	19
Pollution control	5,4	5
Urban environment	4,6	4
Technology transfer	4,3	4

³¹ Similar thematic breakdown for New Independent States (NIS) is not currently available. An evaluation of the Tacis Interstate Environment Programme is currently being conducted.

Table IV.4 Funding to environment and energy sub-sectors in CEE countries during 1990 to 1998

Funding committed to CEEC countries from the Phare Programme to environment and energy sub-sectors		
Sub-sector	Million €	% of funding for environment and energy
Pollution reduction	159,6	28
Energy supply	119,7	21
Energy saving	114	20
Water services ¹	102,6	18
Biodiversity	17,1	3
Other ²	57	10

¹ Includes waste water (industrial waste is included in pollution reduction)

² Includes projects classified with multiple or unknown objectives

Source ERM Inventory Database

Table IV.5 Principal EC, EIB and EBRD funding instruments

Type	Region	Instrument	Amount mill €
Official Development Assistance	Africa, Caribbean, Pacific	8th European Development Fund (1995 - 2000) of which: - bilateral country programmes (NIP) - regional co-operation (RJP) - Structural Adjustment - STABEX - SYSMIN - Emergency/refugee assistance - risk capital (EIB) - Interest rate subsidies (EIB)	12,967 48 % 10 % 11 % 14 % 4 % 2 % 8 % 3 %
		European Investment Bank (1995 - 2000)	1,658
	Southern and South Africa		127.5
	Latin America		314
	Asia		438
	Mediterranean, Near & Middle East		1,094
	All	Food and Humanitarian Aid	835
	All	Co-financing NGO's	200
	Developing countries	Environment in developing countries	16
	tropical countries	Tropical forest	45
	All	Rehabilitation	15
		Others	605
	Official Aid	CEEC	PHARE
CIS		TACIS	485
ex-Yugoslavia		OBNOVA	332
		EBRD	33
Other grants		SYNERGY (1998 - 2002)	15
	These programmes are to a certain extent open for third country participation. The total amount of funding for third countries has not necessarily been fixed.	5 th Framework Programme (1998 - 2002), of which - Environment - ENERGIE - Co-operation with developing countries	14,960 7 % 7 % 3 %
		SAVE (1996 - 2000)	45
		ALTENER II (1998 - 2002)	22
Loans	Accession countries (54 %) Mediterranean (20 %) ACP (13 %) South Africa (3 %) other CEEC (2 %) Latin America (5 %) Asia (3 %)	European Investment Bank (EIB) of which: - transport - energy - private sector - water - industry - others	4,410 (*) 37 % 18 % 13 % 10 % 7 % 15 %
	Eastern Europe, CIS	European Bank for Reconstruction and Development (EBRD) of which - private sector - energy - transport - communication	2,373 (*) 40 % 17 % 10 % 8 % 6 %

(*) 1998 commitments

ANNEX V: OECD DEVELOPMENT ASSISTANCE COMMITTEE WORKING SET OF CORE INDICATORS

The OECD Development Assistance Committee's working set of core indicators is based on "Shaping the 21st Century", the Development Partnerships Strategy launched in May 1996. The Strategy selected a few, key goals from recent UN conferences. These quantitative goals cover the areas of economic well-being, social development and environmental sustainability and regeneration (the goals chosen are presented in the table below in connection to the indicators). In addition, it was recognised that qualitative factors would be essential to the attainment of these goals (participatory development, democratisation, good governance, human rights). While the Strategy recognised that the goals needed to be set country by country, it noted the need for monitoring progress at the global level as the main purpose of the OECD DAC indicators.

The list of indicators is the outcome of a process of collaboration between DAC donors, experts from the World Bank and the United Nations system and policy makers and statisticians from developing countries. A joint OECD/UN/World Bank meeting in February 1998 reached a broad agreement on the working set of core indicators.

Some indicators provide a direct measurement of the goal (e.g. goal: reduce extreme poverty by half; indicator: incidence of extreme poverty: population below \$1 per day), while other capture other dimensions (e.g.: reduce extreme poverty by half; indicator: inequality - poorest fifth's share of national consumption). A limited number of other indicators, while not directly related to any of the selected goals, are included to give a fuller picture. They include some social composites such as life expectancy and some economic measures such as aid receipts and external debt.

There is need for further work to refine some of the measures and their coverage, particularly for the environmental indicators, and to advance work on indicators of the qualitative factors of participatory development and good governance. The set will therefore be continuously developed. For example, work is underway to propose indicators for the marine environment, land use (such as deforestation and desertification), and air pollution.

The approach used for this core set of indicators is related to their focus on goals. Countries can be put into groups according to their relative distance from the selected goals. The 171 aid recipients on the DAC List are split into five groups (quintiles) with 34 countries in each (China and India are shown separately, given the size of their populations). Thus the first quintile shows the 34 developing countries furthest away from the development goals. The 33 countries in the fifth quintile as a group have development indicators which equate roughly to developed country levels. Seven indicators related to the selected goals have been used to create these groupings in order to capture the multi-dimensionality of development: GNP per Capita, Child Malnutrition, Net Enrolment in Primary Education, Under 5 Mortality Rate, Maternal Mortality Ratio, Total Fertility Rate, and Access to Safe Water

Thus a country which might score well on GNP per capita may be in a lower group because of health or education indicators which are below the "norm" for that income group. This same method could be used to set and to monitor national goals. Showing the distance from development goals at intervals would show progress over the period and highlight differences in the rate of progress in closing these gaps on each of the five dimensions included.

A review of the indicator set is planned in the year 2000 to examine progress and identify needs for further action with respect to indicators.

THE OECD DAC WORKING SET OF CORE INDICATORS

Goals	Indicators	
Economic well-being		
Reducing extreme poverty The proportion of people living in extreme poverty in Developing countries should be reduced by at least one-half by 2015. (Copenhagen)	1. Incidence of Extreme Poverty: Population Below \$1 Per Day 2. Poverty Gap Ratio: Incidence times Depth of Poverty 3. Inequality: Poorest Fifth's Share of National Consumption 4. Child Malnutrition: Prevalence of Underweight Under 5 years	
Social development		
Universal primary education There should be universal primary education in all countries by 2015. (Jomtien, Beijing, Copenhagen)	5. Net Enrolment in Primary Education 6. Completion of 4th Grade of Primary Education 7. Literacy Rate of 15 to 24 Year-Olds	
Gender equality Progress towards gender equality and the empowerment of women should be demonstrated by eliminating gender disparity in primary and secondary education by 2005. (Cairo, Beijing, Copenhagen)	8. Ratio of Girls to Boys in Primary & Secondary Education 9. Ratio of Literate Females to Males (15 to 24 Year-Olds)	
Infant & child mortality The death rates for infants and children under the age of five years should be reduced in each developing country by two-thirds the 1990 level by 2015. (Cairo)	10. Infant Mortality Rate 11. Under 5 Mortality Rate	
Maternal mortality The rate of maternal mortality should be reduced by three-fourths between 1990 and 2015. (Cairo, Beijing)	12. Maternal Mortality Ratio 13. Births Attended by Skilled Health Personnel	
Reproductive health Access should be available through the primary health-care system to reproductive health services for all individuals of appropriate ages, no later than the year 2015. (Cairo)	14. Contraceptive Prevalence Rate 15. HIV Prevalence in 15 to 24 Year-Old Pregnant Women ¹	
Environmental sustainability & regeneration		
Environment 2 There should be a current national strategy for sustainable development, in the process of implementation, in every country by 2005, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015. (Rio)	16. Countries with National Sustainable Development Strategies 17. Population with Access to Safe Water 18. Intensity of Freshwater Use 19. Biodiversity: Land Area Protected 20. Energy Efficiency: GDP per Unit of Energy Use 21. Carbon Dioxide Emissions	
General indicators		
Other selected indicators of development For reference: Population Gross National Product	GNP per Capita Adult Literacy Rate Total Fertility Rate Life Expectancy at Birth	Aid as % of GNP External Debt as % of GNP Investment as % of GDP Trade as % of GDP
<p>This list is neither exclusive nor comprehensive and some elements (e.g. environment) remain under discussion. It reflects progress to date in identifying core indicators that are relevant to the development goals selected from the series of UN Conferences held in the 1990s, and which now form a wide consensus on development priorities. The goals were selected because they were important in their own right and as meaningful proxies for broader development goals. The selection does not imply any diminished commitment to other goals accepted by the international community, at international conferences or elsewhere. The list reinforces other indicator initiatives, such as the Minimum National Social Data Set of the United Nations Statistics Division, and the General Data Dissemination System of the IMF.</p> <p>Like the goals, the indicators are inter-related and should be seen as a whole. It constitutes a core set reflecting key aspects of economic and social well being and environmental sustainability. Thus some indicators address more than one goal, but for brevity are shown only once; for example: child malnutrition is also an indicator of health status; attended births also indicate access to reproductive health services; literacy is a key determinant of economic well-being and health; while freshwater is an environmental resource, access to it directly affects the quality of women's lives and the health of their children. Moreover, the majority of the indicators can be disaggregated by gender to measure the extent of inequality.</p> <p>There are many sources for indicators. This set will be published annually in the OECD's <i>Development Co-operation Report</i>, and put in the context of other indicators in the <i>Human Development Report</i> published by the United Nations Development Programme and <i>World Development Indicators</i> published by the World Bank. Those interested in more detail of development issues and indicators are referred to these publications or to the following website: http://www.oecd.org//dac/Indicators/htm/list.htm</p> <p>1 Until satisfactory data coverage is achieved on this indicator, the prevalence of HIV infection in all adults will be used. 2 Indicators for land use, marine environment and air quality will be added to the list later.</p>		

ANNEX VI: SET OF INTERNAL PERFORMANCE INDICATORS

Objective	Result	Indicators	Source of Data and Verification
1. Coherence among EC policies with external effects and consideration of environmental issues in this context	All relevant EC policy formulation processes take impacts on developing countries into account		Policy studies, and policy assessments in the Commission Reports on Coherence
2. Integration of environment into EC policies in the field of economic and development co-operation	All Commission Working Documents and Communications consider the integration of environmental issues		Policy assessments in connection to the 5 yearly evaluations of environmental performance of EC aid (see objective 7)
3. Integration of environmental dimensions into policy dialogue, regional and country strategies, programmes and reviews	Component addressing environmental integration incorporated into all: <ul style="list-style-type: none"> Regional and country strategies, Indicative programmes, Country reviews and Country reports by the end of 2002.	<ol style="list-style-type: none"> Number of regional and country strategies, programmes and reviews with an explicit environmental component Number of Annual Country Reports with a brief environment chapter (First Environment Chapters will be prepared centrally in order to reach a uniform approach. The chapter will be updated by the EC delegations annually). 	Country strategies Indicative programmes Country reviews Annual country reports
4. Integration at project level	Environmental screening and assessments of co-operation programmes and projects systematically undertaken: <ul style="list-style-type: none"> Screening of all EC co-operation programmes EIA or SEA of all EC co-operation projects that meet the criteria for "High environmental risk" of environmental screening conducted 	<ol style="list-style-type: none"> Number and percentage of projects in A, B and C categories Number of EIA or SEA on category A EC co-operation projects Number of public consultations in connection with EIA or SE 	<ol style="list-style-type: none"> Project Screening Forms Commission project data bases (PIS) (an annual listing of EIA and SEA of EC co-operation policies, programmes and projects) EIA and SEA reports

<p>5. Improved capacity to integrate environmental aspects</p>	<p>Commission staff trained in environmental integration procedures:</p> <ul style="list-style-type: none"> • Training Needs Assessment conducted by the end of 2000 • Every official in key policy areas or geographical responsibility in headquarters and Delegations , identified in a training needs assessment, will have attended environmental training by 2002 • Specific technical support for environmental assessments provided and utilised 	<ol style="list-style-type: none"> 1. Number of officials in key policy areas or geographical responsibility in headquarters and Delegations that have attended environmental training 2. Number of contacts annually to the Helpdesk 3. Number of assignment made by the Environment Helpdesk annually 	<p>Training Needs Assessment Training Report Individual notation reports Invoices of framework consultant contract</p>
<p>6. Increased transparency and visibility of EC actions in the field of environment</p>	<p>Real-time access by the end of year 2000 to:</p> <ul style="list-style-type: none"> • EC commitments and disbursements on primary environment projects <p>Public access by the end of year 2000 to:</p> <ul style="list-style-type: none"> • All environmental screening results • One page summaries of EIA and SEA <p>OECD/DAC Marker System for accounting expenditure on environmental agreements introduced</p>	<ol style="list-style-type: none"> 1. Expenditure on primary environmental projects 2. Expenditure on major multilateral environment agreements 	<p>Commission project data bases Project Screening Form</p>
<p>7. Quality control of environmental integration</p>	<p>Five-yearly independent evaluations of environmental performance of EC aid</p>	<p>Indicators identified above will used in the evaluation.</p>	