

The challenge of environment and climate change in European Reform Co-operation.

STOCKHOLM, 1 OCTOBER 2009

TURNING CHALLENGES INTO OPPORTUNITIES



Ulla Andrén's presentation during the opening ceremony.

On-going economic and political transition and continuing vulnerability to both environmental problems as well as the longer-term impacts of global climate change are some of the challenges that Eastern Europe faces on the eve of the UN climate negotiations in Copenhagen in December 2009.

Ulla Andrén, director at Department for Reform Co-operation in Europe at Sida, says: "People should not be alarmed by these challenges, despite their severity, but should view them as an opportunity to put environmental issues at the top of the agenda in co-operational countries.

"They represent an opportunity to

secure sustainable growth and development, while addressing issues of mitigation and adaptation to climate change."

Andrén says that given the on-going stresses of political transition in, as well as the environmental impacts on Eastern European countries, there is a need to take a co-ordinated approach by building the capacity of institutions to face these challenges, together with a close collaboration with civil society organizations as well as strengthening the media.

The environment represents one of Sida's on-going commitments in European reform co-operation. The others are democracy and gender equality.

Partnership: a key towards climate strategies

With climate change high on the Swedish European presidency agenda, and the environment featuring as one of the most important sectors in European reform co-operation, Swedish development co-operation in Eastern Europe is focusing on bringing the environmental sector in line with EU standards.

Anders Nordström, director general at Sida, says: "Environmental degradation and climate change are challenges that do not respect national boundaries: they require co-ordination and co-operation. Sida's support is aimed at complementing what co-operational countries are doing and the assistance provided by the European Commission."

Sida is focusing on mitigation efforts, such as energy efficiency and wastewater treatment, which should lead to a reduced number of adaptation measures in the long term. "In order to make any substantial change, Sida is highly dependent on the work being done with its partners – both in the co-operational countries and in Sweden." Nordström says.



Anders Nordström

- Albania
- Bosnia and Herzegovina
- Belarus
- Georgia
- Kosovo
- Macedonia
- Moldova
- Serbia
- Ukraine
- Turkey



REFORM CO-OPERATION TARGETS

Strengthening democracies, achieving equitable and sustainable development and building closer ties with and adopting the values of the European Union.

- Emphasis on EU-integration, association and accession.
- Increase ownership and donor co-ordination.

- Capacity building through institutional co-operation.
- Support through NGOs to promote democracy and the development of civil society.
- Budget SEK 1.4 billion in 2009.



Under the Soviet system, the rivers feeding the Aral Sea were diverted for irrigation of the desert in order to produce, rice, fruit and cotton. Decades of environmental mismanagement have diminished the ECA's natural resilience and increased the vulnerability to climate change.

Photo: Phoenix Bildbyrå

Adapting to climate change

Lingering post-Soviet legacy of environmental mismanagement and the poor state of much of the Europe and Central Asia (ECA) infrastructure leaves the region poorly prepared to adapt to the impact of climate change.

Jane Ebinger, senior energy specialist at the World Bank and co-author of the 'Adapting to Climate Change in Europe and Central Asia' report, says: "Climate change represents a major threat to ECA countries. The region is already experiencing its consequences like warmer temperatures, changing hydrology, droughts, floods, heat waves, windstorms and forest fires."

Average temperatures across the region have already increased by 0.5°C in the south to 1.6°C in the north (Siberia) since the early twentieth century and overall increases of between 1.6 to 2.6°C are expected by the middle of this century, with the greater changes occurring in the more northern latitudes.

"This is affecting hydrology, with a rapid melting of the region's glaciers and a decrease in winter snow. Many countries are already suffering winter floods and summer droughts," Ebinger says.

"Vulnerability is driven by socioeconomic and environmental legacy issues"

"The ECA region suffers from a serious adaptation deficit even to its current climate due to socioeconomic factors and the Soviet legacy of chronic environmental mismanagement," Ebinger says.

Legacy issues make the region even more vulnerable. "Under the Soviet system, economic growth was pursued," Ebinger says. "When water was needed for irrigation, the rivers feeding the Aral Sea were diverted to the desert to produce rice, fruit, and cotton. Uzbekistan became one of the world's largest exporters of cotton, but at the cost of destroying the Aral Sea in the process."

"Decades of environmental mismanagement have also diminished the ECA's natural resilience. The environmental legacy of central planning is

particularly dramatic for agriculture, and greatly increases the sector's vulnerability to climate change, in addition to pollution, the poor state of infrastructure and the quality of housing, which are making the region even more vulnerable.

"Even countries and sectors that could benefit from climate change are poorly positioned to do so."

Ebinger says that there was the assumption that countries such as Kazakhstan, Russia and Ukraine would "feed the world", as a result of warmer temperatures and increased precipitation.

"The region's inefficiency and low productivity have resulted in their lack of capacity to adapt and benefit from climate change," Ebinger says. "While world grain yields have been growing by an average of about 1.5 per cent per



Jane Ebinger.

year, they have been falling or stagnant in these three countries.”

“This means that they should not only rely on climate conditions, but also on technology, policy, investment and crop management to reap the benefits.”

“Making development resilient while reaping numerous co-benefits”

“Over the next decade, the ECA’s resilience to the changing climate will require specific climate-related strategies and improving the investments in weather and water monitoring, the capacity to interpret and disseminate climate information, institutions to support adaptation efforts, and policies to foster incentives for informed, proactive responses to the challenges of climate change. All of these will have a positive consequence for sustainable development.”

Involving stakeholders in the adaption efforts is key to success.

“Adaptation strategies will require steps to bring together policy makers, planners, asset owners, academics and the civil society to discuss and assess the risks a country may face from current weather and projected climate change, and identify possible adaptation measures, costs and benefits,” Ebinger says.

“There is a sense of urgency to address the current adaptation deficit. Therefore, the time for ECA countries to act is now.”

For more information, see the full report: www.worldbank.org/eca

TACKLING CLIMATE CHANGE BY REFORMING CO-OPERATION

Torgny Holmgren, director of the Department for Development Policy at Sweden’s Ministry of Foreign Affairs, says: “Climate change is part and parcel of development and therefore needs to be fully incorporated into development co-operation budgets.

“For 2010 Sweden has dedicated SEK 4 billion for adaptation to climate change and risk reduction. This includes both bilateral and multilateral support.

“A high-level task force is to be established after the Copenhagen conference to establish a cohesive approach to both development assistance and climate change issues, as well as addressing the food crisis in developing countries.”



Maria Berlekom, head of Sida’s Environment and Climate Change team says: “Addressing the challenges of climate change requires a multi-stakeholder approach, where private and public partnerships are promoted.

“NGOs and other civil society actors at local level need to be strengthened, as they will ultimately be the ones to implement adaptation and risk management strategies.

“Overall, attention needs to be paid to both the financial implications of climate change and the fact that it will have a disproportionate effect on the developing world. An economic focus is key.”



Tea Nömmann, director of the Stockholm Environment Institute in Tallinn says: “Estonia is taking positive steps towards meeting EU environmental standards. But there is still a long way to go and ongoing regional co-operation is vital.

“We at the institute are using our know-how to promote sustainable development, resilience and adaptation to climate change in Estonia by analysing, for examples, the impact of environmental policies, and related management practices and socio-economic issues. In this way we are contributing to policy and legislation design.”



Mikael Karlsson, chairperson of the Swedish Society for Nature Conservation says: “NGOs and civil society have a key role to play, both by identifying the problems, and by guiding the move towards low-carbon economies. Society’s capacity and readiness to transform is much greater than the EU commission thinks.

“By proactive leadership, Sweden and the EU can demonstrate how a climate-smart society can go hand in hand with both higher living standards and a healthy economy”, says Karlsson.



SIDA'S SUPPORT TO ECA'S ADAPTATION

Energy efficiency to mitigate climate change

Energy efficiency not only helps reduce environmental impact, but represents substantial financial benefits to companies. Anders Lund, project manager at Ukraine energy efficiency program (UKEEP), explains how this is done through a Sida-supported programme.

Energy intensity in Ukraine is about three times higher than in the EU. "This means that, on average, Ukrainian companies use three times as much energy to produce the same output as companies in the European Union," Lund says. "There is therefore huge potential for energy efficiency in Ukrainian companies."

Energy efficiency for a competitive edge

"By investing in energy efficiency, a company can ensure future competitiveness even with increasing energy prices and more demanding environmental regulations."

UKEEP, a credit facility developed by the European Bank for Reconstruction and Development and supported by Sida, targets Ukrainian private companies in all sectors looking to invest in energy efficiency or renewable energy projects.

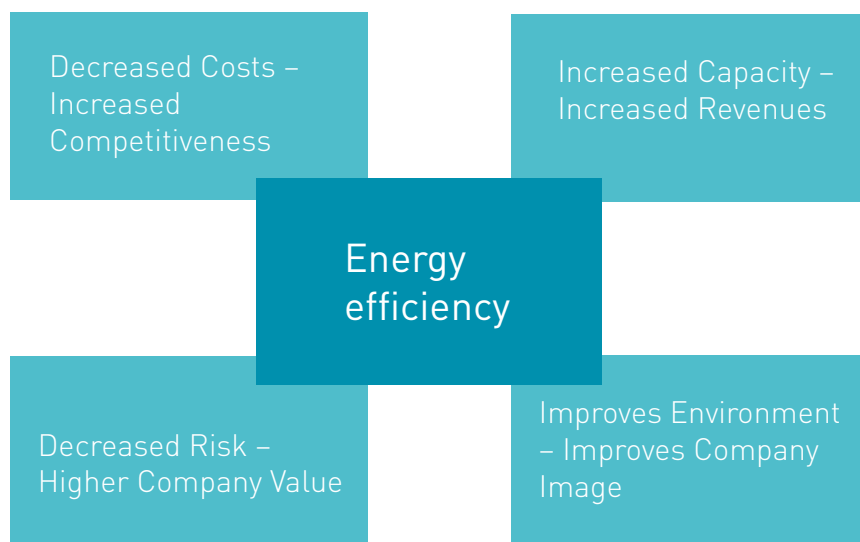
UKEEP provides free technical assistance through international energy efficiency consultants for companies with project proposals that are eligible for UKEEP financing.

Strategy for effectiveness

So far UKEEP has committed more than USD 75 million to energy efficiency projects in various sectors. "These projects will lead to energy savings of more than 1,850,000 MWh per year – equivalent to the electricity consumption of more than 450,000 households. As a result, CO₂ emissions will decrease by more than 450,000 tonnes per year – equivalent to the annual emissions of more than 200,000 cars."

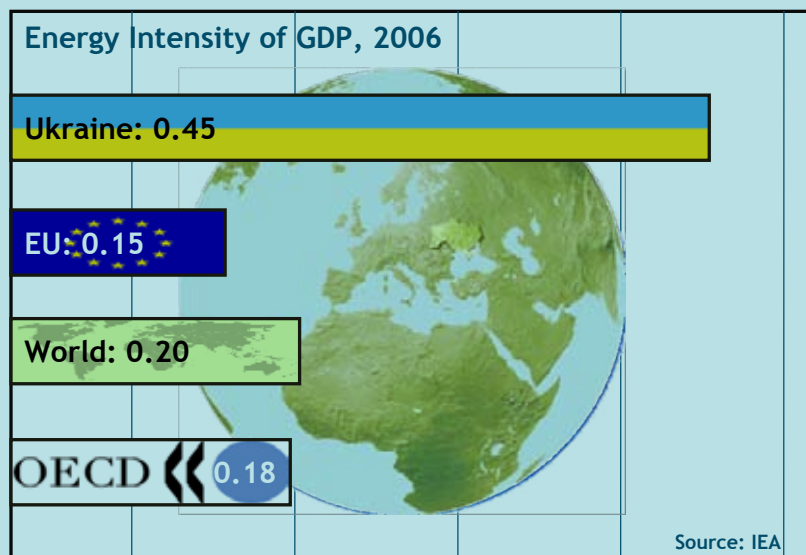
The companies that have so far participated in UKEEP will see their energy costs decrease with very short payback periods on the investments made, says Lund.

For more information: www.ukeep.org



UKRAINE: HIGH ENERGY INTENSITY

Ukrainian energy use is currently 3 times higher than the EU average per unit of GDP



AND MITIGATION TO CLIMATE CHANGE



Tbilisi, the capital of Georgia.

Countries in Eastern and Central Europe face local, national, regional and global environmental challenges and compliance issues. And these countries will only be able to tackle these issues through the development of institutional capacity.

Institutional co-operation to strengthen environmental capacity

Mats Olsson, director at Swedish Environmental Protection Agency (EPA), says that the ministries of environment in the region are often small and sometimes lack the necessary competence on the subject in order to be effective.

“A key issue is the gap in environmental legislation, which leads to the lack of implementation and responsibilities on the subject,” Olsson says.

“Developing national capacity is where the Swedish EPA plays a key role with Sida’s support.”

One of these efforts is in Ukraine.

“We have been providing advice and support to prepare Ukraine’s national environmental strategy and action plan,” Olsson says.

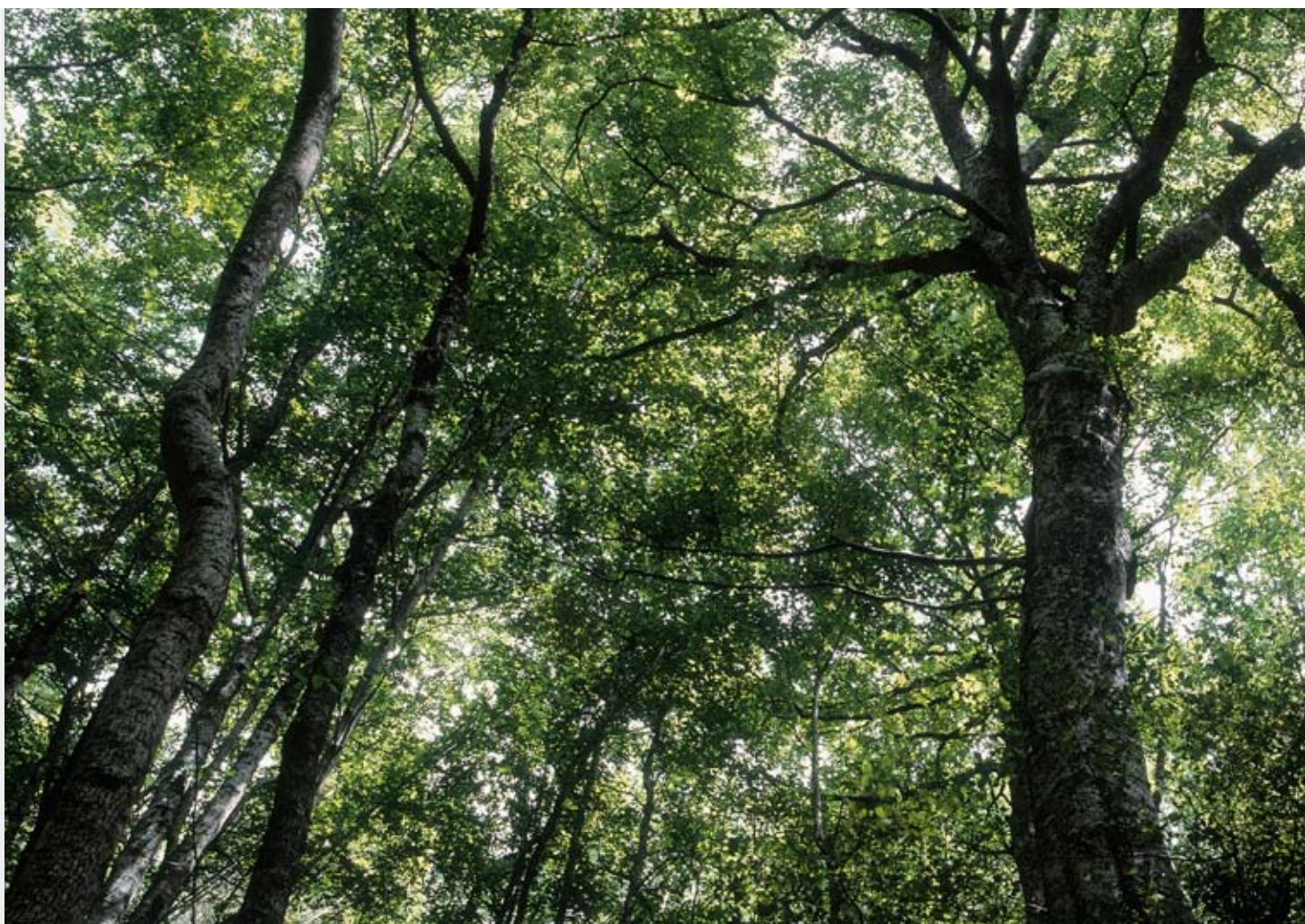
“We have established an on-going dialogue on development issues and work on prioritized areas, such as relations with the EU, the dissemination of information and the development of procedures in order to implement environmental plans.”

Lessons on institutional capacity development:

- Understand the local challenges,
- Find appropriate institutional contacts,
- Build confidence through an open dialogue.

“Each country needs to be responsible for and drive this development in order for it to succeed,” Olsson says.

For more information on the Swedish EPA work: www.naturvardsverket.se



MAKING FORESTRY MANAGEMENT GOOD NEWS ENVIRONMENT

Local community empowerment through the transfer of ownership is one of the keys in maintaining natural resources. Read more on how this was done in a forestry project in Albania that was supported by Sida and the World Bank.

Lennart Ljungman, forestry consultant, says: “At the start of the project, forests in Albania were in a very bad state due to over exploitation, illegal logging and overgrazing.”

“The main strategy of the project was to improve forest management by empowering local communities through participative involvement.

This resulted in the establishment of forest and pasture user associations to act on behalf of the users.”

The project has fostered the transfer of knowledge to the local communities by building their capacity to manage forests for local use.

“In early 2008, the Albanian government also decided to transfer both

the user rights and the ownership of 60 per cent of all state forest land to local communities,” Ljungman says.

“This has had a fundamental impact. The members of the communities now feel that managing the forests around them is also a form of employment and an opportunity to generate income.”



Photo: Phoenix Bildbyrå

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“The payment to local communities for environmental services, is another example of improved forest management.”

“The Albanian project has increased local communities’ capacity by providing them with improved knowledge and a functioning system where this knowledge could be updated.”

Closing the gaps

Addressing gaps in local focus, institutional strength and governance will enable people to adapt to the effects of climate change. A report from the Commission on Climate Change and Development examines how.

“Climate strategies must have a new perspective that moves from a global to a local focus,” says Johan Schaar, Director at International Commission on Climate Change and Development and Director at/for Environment, Climate Change and Sustainable Services at Sida.

Straitnating local focus

“An emphasis on the local context is essential, as different countries have different exposure to climate risks, different political and governance characteristics. They require different solutions to adapt to the climate change effects.

“The priority is to build people’s and communities’ adaptive capacity and resilience – their ability to manage risks and shocks. This adaptive capacity is mediated through institutions. Disseminating information, building knowledge, articulating needs, ensuring accountability, exchanging goods and services and transferring resources,” Schaar says.

Local institutions know their communities and should have the main responsibility for identifying the poor and vulnerable and supporting them in building safe rural and urban settlements. These institutions should ensure that dissemination of climate information reaches the poorest and most vulnerable through appropriate services, says Schaar.



Johan Schaar.



Better co-ordination

Participatory democracy, functioning institutions, and transparency are needed at all levels for effective adaptation. Adaptation is best managed through policy coherence and through co-ordination and co-operation among governments, civil society and the private sector.

Adaptation financing

The report calls for the mobilization of new and additional climate adaptation money, but not at the expense of ongoing development programmes. It highlighted that the current proliferation of financing mechanisms for adaptation is problematic as it creates a coherence problem and puts pressure on the management capacity of developing countries.

“Climate change actions, development planning and disaster risk reduction must come together,” says Schaar. “This requires that they are led from the highest political and organizational level. A new vision for sustainable development is needed.”

For further information about the report:
www.ccdcommission.org



The Earth System.

Global biophysical boundaries have been identified as a way to help society deal with climate change. It is the Earth System which will provide the safe planetary operating space that will help society grow in a sustainable way.

PLANETARY BOUNDARIES

A group of scientists identified the Earth System processes and potential biophysical thresholds, which, if crossed, could generate unacceptable environmental change for society. They then proposed the boundaries that should be respected in order to reduce the risk of crossing these thresholds.

The nine borders identified include: climate change, stratospheric ozone, land use change, freshwater use, biological diversity, ocean acidification, nitrogen and phosphorus inputs to the biosphere and oceans, aerosol loading and chemical pollution.

Johan Rockström, Director at the Stockholm Resilience Centre, says: "All boundaries are strongly connected – crossing one boundary may seriously threaten the ability to stay within safe levels in the others."

"We are entering the Anthropocene, a new geological era, in which our activities are threatening the Earth's capacity to regulate itself. We are beginning to push the planet out of its current stable Holocene state."

Rockström says that transgressing planetary boundaries may be devastat-

ing for society, but if we respect them we have a bright future ahead.

"This approach – planetary boundaries – does not offer a complete roadmap for sustainable development, but does provide a way to identify critical planetary boundaries and their safe operating zones.

"As the Copenhagen climate negotiations continue, there needs to be a shift from emissions to stewardship of ecosystems. Managing those systems on Earth is key for both mitigation and adaptation strategies, together with investments in low-carbon economies.

"This approach to sustainable development has profound implications for governance and policy. But despite implications and uncertainties, time is running out on several of the planetary boundaries. The time to act is now," says Rockström.

For more information: <http://sei-international.org/>



Johan Rockström.

Taking on the challenge

Building trust, creating a consensus on emission reductions and financing transfers to developing countries are some of the key challenges facing the Swedish EU presidency ahead of December's climate negotiations in Copenhagen. But there may be light ahead.

Lars-Erik Liljelund former director general of the Swedish Environmental Protection Agency and adviser to the prime minister on climate issues. He says that little progress has been achieved in the current climate negotiations and this must change if a strong international agreement is to be reached in December.

"Critical problems remain but it is the Swedish presidency's ambition that the EU shows strong leadership on climate issues. Especially, we hope to promote investments in low-carbon economies that both strengthen growth and take account of environmental and climate considerations. This is in addition to setting up financial systems that address the situation," Liljelund says.

He adds that the negotiations leading up to Copenhagen will need additional political energy from high-level meetings. To overcome some of the challenges, the French government – as a G20 member – is proposing a new financing architecture. Such political engagement is what may be needed to address the current challenges.

For more information: www.se2009.eu



Lars-Erik Liljelund.