

Introduction to Environment and Climate Change Integration in Contributions

This is an introduction to why and how environment and climate change should be integrated into Sida supported contributions in all thematic areas. It is primarily intended as a support to Sida programme officers.

WHY DO ENVIRONMENT AND CLIMATE CHANGE MATTER?

All humans depend for their survival on ecosystems and ecosystem services, such as clean water, air, shelter, pollination of crops, coastal protection, breeding grounds for commercial fish species, etc. Human-induced changes have already had fundamental impacts on several key parts of the earth's system. This includes climate change, loss of biodiversity, land-system change and changes in the nitrogen and phosphorous cycles. These changes significantly increase the risk to drive the earth into new states, such as a different climate than during the previous 10,000 years, and thereby fundamentally changing the conditions for human society.

Environmental degradation and climate change hit women and men living in poverty hard. They are usually directly dependent of the local ecosystems, and have limited possibilities to shift their resource base and livelihoods when ecosystems deteriorate. People in poverty are also more exposed and more vulnerable to climate change impacts such as extreme weather events and sea level rise. Since the environmental and climate changes risk to undermine the development across all sectors, environmental sustainability is a prerequisite for a sustainable development and poverty alleviation.

In September 2015, the world's countries agreed on the Agenda 2030 to protect the planet from degradation so that it can support the needs of future generations. Only a few months later, the countries adopted the Paris Agreement on Climate Change that aims to limit the temperature increase to 1.5°C, and provides a framework for how this can be achieved. Agenda 2030 and the Paris Agreement are mutually reinforcing and clearly set the direction of an environmentally sustainable development that leaves no one behind.

At the national level, the Swedish Government in 2015 decided that Sida's operations shall be based on and be permeated by five major perspectives: the rights perspective and poor people's perspective, an integrated environment and climate change perspective, an integrated gender equality perspective and an integrated conflict perspective. To respond to this instruction, and further support an environmentally sustainable development, *Sida is now increasing the ambition of environment and climate change integration* across all thematic areas in its operations.

CRITERIA / TOOLS FOR INTEGRATION

To guide the operational work, Sida uses the following criteria / tools as an indication of when environment and climate change can be considered integrated into a contribution:

- a) An **environmental assessment** has been carried out (see below under How to do it, Step 2);
- b) an **objective or planned result** for improved environmental sustainability is explicit in the

- programme/project documentation (often not the main objective of the contribution);
- c) The contribution includes **measures to achieve the objective**, and that these are explicit in the form of results, indicators, activities and a budget in the contribution documentation, and that there is capacity to implement them.

THE EXPECTED RESULT – MORE THAN DO-NO-HARM

The integration should ensure that opportunities for positive impacts are enhanced, while risks are managed. It is more than do-no-harm. Environment and climate change integration in Sida supported programmes/projects is achieved when:

1. Opportunities for a positive impact from the contribution on the environment/climate are enhanced;
2. Risks and negative impacts from the contribution on the environment/climate are avoided or reduced and managed;
3. Risks from climate change or environmental degradation on the sustainability of the contribution are identified and avoided or reduced and managed, i.e., that the contribution is resilient to climate change and other environmental changes.

PERMEATE SIDA'S OPERATIONS

To contribute to a sustainable development and to follow the Swedish government's instructions, an integrated environment and climate change perspective shall permeate Sida's operations. The aim is therefore to integrate it in contributions in all modalities and sectors. An environmental assessment is a key tool for integration and should be carried out for all Sida's contributions. For the majority of contributions, this should be followed by integration of environment and climate change into its operations.

HOW TO DO IT?

Environment and climate change shall be integrated with a high level of flexibility, adapting to the context and the specific conditions of the contribution. The approach will be different depending both on the partner's own capacity and experiences from environmental work, and on the expected risks of the programme/project. The integration should as much as possible build on existing systems and efforts by the partner organisation. If a relevant environmental assessment has been conducted recently or is under development with support from other donors, Sida should use and build on those to the extent possible.

Step 1-4 below are normally conducted during the preparation or appraisal phase of the contribution cycle. In some cases, it may not be possible to conduct the environmental assessment before entering into an agreement. In those cases it should be included as an agreement condition or dialogue issue to ensure that it will be done and can be used as the basis for integration during the agreement phase. Normally, however, the environmental assessment is conducted before Sida's contribution is agreed. This must always be the case when the contribution has significant environmental risks.

Dialogue to support the partner in the integration process should be held throughout the contribution cycle. The Sida programme officer can use the Green Tool Box as a support, and may consult with environment and climate change colleagues, and / or request support from Sida's environment helpdesk during the process. Through dialogue, there may be good possibilities to support the partner to enhance environmental opportunities in contributions that do not have an environmental focus but could have it. This should be done at a level of ambition that is feasible for the partner. Programme officers at embassies may, for example, find it useful to look

at the embassy's own environmental management system as a reference for what may be realistic for a local partner to achieve when it comes to green office measures in the local context.

1. Sida's Screening

The Sida programme officer starts by screening the expected environmental risks of the contribution, to determine whether they are likely to be significant or non-significant. The purpose is to identify whether there is reason to request a full environmental impact assessment (EIA), or whether a simplified environmental assessment is sufficient. Guidance for how to conduct the screening can be found in the document "Guidelines for Screening prior to an Environmental Assessment" in the Green Tool Box.

For a large number of Sida contributions, the risks are non-significant, and a simplified environmental assessment is sufficient. This could for example be support to a CSO working with raising awareness on women's rights. Contributions where the environmental risks are significant and an EIA necessary may for example be energy investments or agricultural initiatives that may involve water development or pesticide use. If the partner has already identified the need to make a formal environmental impact assessment, Sida does not need to do the screening.

2. The partner's environmental assessment

During the planning or appraisal phase, Sida requests that the partner makes an environmental assessment of the programme/project. This shall be done for all contributions, with the purpose of getting the partner to analyse, and take a clear position on their environmental opportunities and risks. The partner is responsible for carrying out the environmental assessment. It can in some cases be done in close cooperation between the partner and Sida, for example through dialogue, and together with other donors when appropriate. It shall result in an identification of environmental and climate change opportunities and risks, including climate and environmental vulnerabilities, show how the partner intends to manage them, and assess the organisation's capacity to do so. The environmental assessment shall be at the relevant level (simplified environmental assessment or EIA), depending on the result of the screening in step 1.

- A **simplified environmental assessment**. This will be the case for a large number of Sida's contributions. A simplified environmental assessment can be done according to the document "Guidelines for a Simplified Environmental Assessment" in the Green Tool Box. *It does not need to be a separate process or document, but may be an integral part of the regular programme planning and documentation.* It does not need to be called an environmental assessment - what is important is that the substance is there. In some cases it could be a brief paragraph in the programme document, simply stating the main environmental opportunities, and the main risks, and how the organisation intends to address them.
- An **Environmental Impact Assessment (EIA)**. An EIA should be done according to a formalised and participatory environmental and social impact assessment process. In many of the cases when an EIA should be done, Sida's partner is a multilateral organisation or an international finance institute. These organisations often have extensive systems for environmental management that Sweden may have approved through its representation in a governing body. Normally, Sida requests to approve the terms of reference for the EIA assignment before it starts, but later accepts the conclusions of the report as part of the regular system of the partner organisation. In other cases, Sida supports a sector or a comprehensive programme, including actions and investments that may involve significant environmental risks. An option here could be to assess the overall environmental consequences of the sector programme. Specific actions within the sector/programme support should subsequently be subject to EIA as required by national legislation.

The environmental assessment should be archived at Sida as part of the overall programme documentation.

3. Sida's appraisal of the environmental assessment

When a simplified environmental assessment has been made, the Sida programme officer should appraise it as part of the regular appraisal of the proposal. This can be done according to the "Guidelines to Appraise a Simplified Environmental Assessment" in the Green Tool Box.

When an EIA is conducted, Sida's partner is usually a multilateral organisation, international finance institute or similar, where Sweden often accepts the overall process through its representation in a governing body. If there is a need for Sida to appraise a full EIA, advice may be requested from Sida's environment and climate change advisors how this could be done.

The appraisal shall be documented in Trac as part of the overall appraisal. Sida should communicate its views to the partner, and if there are recommendations, request that the partner acts on them.

4. Acting on the environmental assessment

Depending on the recommendations from the environmental assessment and Sida's appraisal of it, both Sida and the partner may need to take measures.

If there are significant risks for negative impacts on the environment and/or climate and they are assessed not to be manageable, Sida should choose not to finance the programme/project.

If the risks are manageable, Sida may continue considering supporting the initiative, and the partner should develop the programme with measures to address the identified opportunities and risks. This should as far as possible build on existing systems that the partner may have, e.g., an environmental policy, environmental management system or safeguards system; and the regular monitoring and evaluation framework. The measures can be comprehensive to all the partner's operations, such as developing an environmental policy or environmental management system, or more specific to address:

- Direct impacts – by developing a greener office. This may for example be by improving the waste management; introducing solar panels to increase the use of renewable energy or similar; and/or
- Indirect impacts - to increase the environmental aspects into the operations, for example by integrating environmental education in a regular curriculum; integrating aspects of rights to water/forests/land into a women's rights programme, or a wide range of other measures relevant to the specific contribution.

Through dialogue, the programme officer can promote the tools/criteria (see section "Criteria/tools for integration", points b-c above) to the partner. The measures should be expressed in the results framework of the contribution to facilitate the monitoring and evaluation of them.

The action taken as a result of the environmental assessment and Sida's appraisal should be documented in Trac as part of the regular appraisal.

When the partner has, with the environmental assessment as a basis, stated its planned environmental objective / planned results and measures to achieve them in the programme documentation, this indicates that the contribution will be integrated. To document this, the programme officer may at this point record the "Environment" marker in the PlanIt statistics for the contribution as "1". (Note that the contributions that have environment as the main / principal objective should be marked 2, as usual.)

5. Monitoring and evaluation

Sida shall monitor the achievement of the environmental objective/ results as part of the regular monitoring of the contribution throughout the contribution cycle.

ENVIRONMENT AND CLIMATE CHANGE INDICATORS

When the partner is integrating environment and climate change into the contribution, the Sida programme officer may want to provide dialogue support for development of relevant indicators. The partner organisation should identify relevant indicators for the environmental objective/results they intend to achieve. This should be done according to the same principles as the regular identification of indicators in a programme. During the agreement phase, the partner and Sida use the indicators to monitor the progress towards the achievement of the results.

Environment and climate change indicators can roughly be grouped into two types:

- **Environmental process indicators** that indicate the progress of processes to improve environmental management, for example, whether an environmental policy has been adopted, number of solar home systems installed, or the level of capacity to manage a certain environmental aspect. This is the type of indicators that is most commonly used for environment and climate change integration in contributions that have their main objective in other sectors.
- **Environmental status indicators** that indicate the status of the environment, for example pollution level in a river, or the level of species diversity in a given area. This type of indicators may be relevant in some cases of environmental integration, but less often than the process indicators.

The type of indicators to be used depends on the type of results that the partner intends to achieve.

Normally, the partner identifies the indicators. However, if the programme officer sees a need to support the partner when doing this, examples of environmental and climate change indicators can be found in, for example:

- Sida's publication "Environmental and climate change indicators – Guidance at country and sector level", available in the Green Tool Box;
- Sida's publication "Guidelines – Review of Environmental Impact Assessment" – examples of environmental indicators for different sectors (p 31-92), available in the Green Tool Box;
- Established monitoring systems, for example
 - OECD key environmental indicators <http://www.oecd.org/environment/indicators-modelling-outlooks/data-and-indicators.htm>
 - Environmental Performance Index <http://epi.yale.edu/>
- The indicators for the Sustainable Development Goals;
- National or sectoral development plans.

THE PARTNER'S ENVIRONMENTAL MANAGEMENT SYSTEM – A GOOD BASIS FOR DIALOGUE

While it is necessary to make environmental assessments of specific contributions, it is also desirable that the partners have their own systems for environmental management to facilitate the environmental integration into their operations in the long term. It may therefore be relevant for Sida to hold a dialogue with the partner regarding the gradual development of such a system.

An environmental management system implies that the partner has an environmental policy, that it sets its own environmental annual targets, monitors the achievement of them, and increases their ambition gradually. It should be relevant to the partner's context, ambitions and possibilities. A well-developed environmental management system should facilitate the systematic use of environmental assessments.

Many large organisations such as multilaterals and international finance institutes have extensive systems safeguarding against environmental and social impacts. These may however not always be well implemented in practice or followed-up in a relevant way during implementation. Some less strong partners may not have any environmental system at all, while some may have a simple environmental policy, or other work that could be a good foundation that gradually could be developed into a more comprehensive system with the objective to support systematic integration of environment and climate change into their operations over time.

Related documents in the Green Tool Box

This is the first of the following four, closely related, documents on environment and climate change integration in contributions in the Green Tool Box:

- **“Introduction to Environment and Climate Change Integration in Contributions”**
- “Guidelines for Screening prior to an Environmental Assessment”
- “Guidelines for a Simplified Environmental Assessment”
- “Guidelines to Appraise a Simplified Environmental Assessment”