

This paper provides ideas for questions that can be used in dialogue with partners about integration of the environment and climate change perspective in contributions within employment, market development and trade. It can also be used as a support in assessments, and complements Sida's general guidelines for integration of environment and climate change and the Information Brief on Green Economy.

To reduce poverty Sida promotes market development by supporting the development of the private sector, trade, financial systems and job creation. Economic growth, trade and financial inclusion are not environmentally or climate neutral. Impacts can be both positive and negative and depends on the character of the economic activities. These are in turn linked to the quality of policies and institutions and the livelihood opportunities available. For example, in weak institutional environments increased trade may lead to overexploitation of natural resources and environmental degradation. Similarly, facilitating access to financial markets for poor women and men may lead to negative impacts on local ecosystems. One example could be accelerating depletion of fisheries resources as a result of microcredit schemes stimulating people to buy fishing gear in an area where the fishery resources

are already overexploited. Trade may facilitate access to greener technologies that can reduce emissions and contribute to higher productivity and more jobs in new and existing value chains. Effective measures to reduce negative or enhance positive impacts can be taken within the contribution or may depend on complementary actions involving other actors. Examples include institutional strengthening of ministries of justice or environment or increased capacity of civil society to monitor environmental and social impacts of investments. It may be relevant for Sida to engage outside of the contribution, e.g. through donor coordination or by creating synergies with other Swedish support.

Many partners have developed some kind of green economy or climate strategies, and governments have designed Nationally Determined Contributions under the UN Framework Convention on Climate Change, where priority actions are highlighted. Being aware of and making reference to such strategies can serve three important purposes and be an important entry point for dialogue. Firstly, it can help create greater ownership for environmental integration by linking up to existing processes. Secondly, it can contribute to raise awareness of nationally owned priorities, problems and opportunities, and, thirdly, it can stimulate more discussion, exchange of information and collaboration between actors involved in market development and the environmental policy sphere.



Wind Power in the sea of clouds, Guilin, China

Dialogue questions – specific for Employment, Market Development and Trade:

OPPORTUNITIES FOR POSITIVE ENVIRONMENTAL IMPACTS FROM THE CONTRIBUTION

**Which opportunities are there? Which are most relevant?
How can they be realized?**

- **What is the potential for development of markets or value chains for products and/or services that are conducive to an inclusive green economy?**
E.g. solar technologies, ecotourism, recycling, establishing networks between producers and consumers, information campaigns, quality standards for ensuring consumer confidence, access to credit to reduce high upfront costs, resource efficiency that helps “green” other value chains.
- **What is the potential for increasing the interest of actors in the financial system at macro, meso or micro level to provide credits and other financial services that help develop markets for greener products and technologies?**
E.g. capacity for green financing (e.g. green bonds), preferential guarantees for green credits.
- **What are the opportunities for increasing the capacity of actors in the financial system to assess environmental risks in credit approval processes and to provide relevant environmental information to customers?**
E.g. internal risk scoring systems, environment or climate related information affecting the health and safety of the client or providing information for climate adaptation.
- **How could business environment reforms involve regulations and tax reforms to promote greener technologies, resource efficiency, and sustained or renewed access to natural resources?**
E.g. proper pricing for energy, water, extractives or timber; building standards or removal of subsidies for i) fossil fuels, ii) fishing gear, iii) pumping of groundwater etc.
- **What is the potential for stimulating trade in green technologies, products and services?**
E.g. reduced barriers that discriminate imports of green technologies, strengthen incentives for government and private sector to trade in environmentally certified goods.

- **How could the contribution help reduce risks for illegal trade in threatened wildlife, hazardous waste, or timber?**
- **What are the opportunities for better coordination between national environmental policies and policies devoted to skills development?**
E.g. information exchange, detecting and addressing new skill needs for greener, climate resilient and resource efficient technologies, sustainable agricultural practices, public transportation, waste.
- **How could awareness on environment including climate change and methods for greener technologies and production be integrated in training for teachers/trainers in vocational and entrepreneurship training?**

RISKS FROM THE CONTRIBUTION TO THE ENVIRONMENT

**Which risks are there? Which are most relevant?
How could they be managed?**

- **Which environmental impacts play a role throughout the value chain and where do the major impacts occur?**
*E.g. require large amounts of energy, water or other natural resources; result in large conversion of land, displacements or affect protected areas and biodiversity; involve hazardous waste, pesticides with impacts on occupational health and safety, affect air and water pollution etc.
E.g. during raw material production/extraction (agriculture, mining etc); industrial production/processing; distribution, wholesale and retail trade; consumption and waste disposal etc.*
- **In what ways could business environment reforms involve a risk for increased environmentally harmful production?**
E.g. disregarded or counteracted environmental impact assessment or circumvention of other environmental regulations, sectoral tax or credit incentives for domestic or foreign investment in environmentally harmful natural resource extraction, energy-intensive or polluting industries etc

- **What is the capacity of actors in the financial system to assess environmental risks associated with lending for purposes of production, resource extraction, manufacturing and trade?**
- **To what extent could promotion of productive employment programmes increase the vulnerability of target groups to climate change or environmental degradation?**

E.g. encouraging pastoralism and increased herd size in areas suffering from lack of fodder and/or water, promoting skills, agricultural practices or building procedures that delay adaptation to climate change.

RISKS FROM CLIMATE CHANGE OR OTHER ENVIRONMENTAL DEGRADATION TO THE CONTRIBUTION

Which risks are there? Which are most relevant? How could they be managed?

- **What could be the impact of extreme weather, rising temperatures, reduced rainfall etc. on productivity, employment, income generation, working conditions and trade?**
- **In what ways are the specific parts of the market or value chain vulnerable to climate change and/or a degraded environment?**
E.g. access to: raw materials, water, energy, road infrastructure, labour etc.
- **To what extent are value chain actors able to adapt to climate change or other environmental changes?**
E.g. reduced access to grazing land, reduced storm protection from mangroves, depleted fisheries and polluted water, exposure to high levels of ambient air pollution or industrial/chemical hazards etc.

QUESTIONS RELATING TO STRATEGIES AND PLANS

- **Does the country have a well anchored Green economy strategy or similar and if so, how does the contribution relate to the strategy?**
- **How does the contribution fit with the government's prioritised activities under its climate strategy including the Nationally Determined Contribution under the UN Climate Convention and availability of climate finance?**
- **How can the contribution help establish more discussion, exchange of information and collaboration between actors involved in market development and the environmental policy sphere?**



Photo: Ulrika Åkesson

Market in Myanmar.

Dialogue questions – generic for all thematic areas:

OPPORTUNITIES FOR INCREASED ENVIRONMENTAL SUSTAINABILITY

Which opportunities are there? Which are most relevant?

How can they be realized?

- Is the partner **already engaged** in some environmental work?
- Can a more reliable power supply be achieved through renewables e.g. **solar panels**?
- Can **local experts or IT-solutions** be used instead of fly-in experts?
- Are there resources (e.g. rainwater or manure) that can be **recycled** to benefit the operations?
- Could the partner increase its **environment capacity** by training staff, or recruiting environmental specialists?
- Are there environmental actors that the partner could **team up** with?

RISKS FROM THE CONTRIBUTION TO THE ENVIRONMENT

Which risks are there? Which are most relevant?

How can they be managed?

- **Are there substantial emissions from travels?**
Is there a travel policy to keep emissions low? Could IT be used for meetings or distance learning? Could local experts conduct some training instead of fly-in experts?
- **What are the emissions from energy use?**
Is there a strategy to keep emissions low/lower them? Could renewable resources be used, e.g. replace diesel generators with solar; use compost or sanitation resources for biogas production?
- **What are the emissions from cars/local transport?**
Could e.g. smaller less fuel consuming vehicles be used for local trips?
- **How is office waste managed?**
Is there a system for recycling of paper, organic waste, and for how to deal with e-waste from computers, light bulbs, batteries? Can sanitation waste be used for biogas or compost?
- **How are water resources managed?**
e.g. rainwater harvesting from office roof; fixing leaking pipes; efficient irrigation?
- **How are waste and emissions from workshops, courses etc managed?**
Are environmental requirements used in procurements? Are there waste management plans?

ARE THERE RISKS FROM CLIMATE CHANGE OR OTHER ENVIRONMENTAL DEGRADATION TO THE CONTRIBUTION

Which risks are there? Which are most relevant?

How can they be managed?

- **Are there risks from climate change or other environmental degradation that need to be included in the organisation's operational strategy?**

E.g. whether the risks (e.g. extreme weather events or depleting/contaminated groundwater, large scale land use change) is likely to contribute to displacement, increased vulnerabilities or tensions? Could these aspects have an impact on the areas/beneficiaries that the organisation works with, and is its strategy adapted to it?

- **Are there risks from climate change or other environmental degradation directly on the local organisation's staff and or offices?**

E.g. increased risks to visit certain areas, risks for floods/landslides by the office? Is there a strategy for how to deal with these risks?

General management tools for environmental integration

Does the partner already have environment management tools in place to identify and manage opportunities and risks?

It could be a comprehensive environmental management system, or elements of one, for example: an environment policy, climate change policy, environment action plan, green office plan, travel policy, environmental safeguards, green procurements or environmental audits. If such tools are in place the dialogue could focus on the relevance of them, their implementation and encourage further development of them.