

## COVER NOTE - COUNCIL FOR DEVELOPMENT POLICY

### AGENDA ITEM 1

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| 1. OVERALL PURPOSE                      | For discussion  |
| 2. TITLE:                               | Strategisk ramme for naturressourcer, energi og klima |
| 3. PRESENTATION FOR PROGRAMME COMMITTEE | n/a   |

### 4. EXECUTIVE SUMMARY

Som led i udmøntningen af ”Retten til et Bedre Liv” (RBL) udarbejdes en strategisk ramme for Danmarks internationale engagement og udviklingssamarbejde for områderne naturressourcer, energi og klima (NEK). De kommende årtiers globale udfordringer i form af klimaændringer, pres på naturressourcerne og en voksende befolkning vil bidrage til at øge fattige landes og befolkningsgruppers sårbarhed og skabe øget ulighed. Fattige befolkningsgruppers retmæssige adgang til livsvigtige ressourcer som fødevarer, vand og energi sættes under pres. Der er behov for en fundamental, grøn omstilling af eksisterende vækstmønstre, som bygger på bæredygtighed i udnyttelsen af naturgrundlaget. Danmark kan med sine erfaringer og kompetencer på området bidrage til at fremme en retfærdig omstilling til grøn vækst i udviklingslandene og sikre, at landene formår at udnytte det vækstpotentiale, som omstillingen åbner for. NEK-rammen skal give anvisning på, hvordan Danmark multilateralt og bilateralt kan fremme udviklingslandenes omstilling. Det foreslås i oplæg til NEK-strategi, at Danmark giver prioritet til fem fokusområder: fælles globale mål; klimaændringer; energi; naturressourcer: jord og vand; og bæredygtigt landbrug/fødevarerproduktion og -sikkerhed.

### 5. STRATEGIC QUESTIONS FOR THE COUNCIL FOR DEVELOPMENT

Dokumentet, som forelægges Rådet til drøftelse, har status som ”outline” eller ”udvidet synopsis”. Det betyder, at der i teksten gives forslag til, hvordan Danmark konkret kan samarbejde og yde støtte indenfor de fem foreslåede prioritetsområder.

Rådet kan i sin drøftelse tage udgangspunkt i følgende spørgsmål:

1. De fem prioritetsområder er foreslået med udgangspunkt i de overordnede temaer i Grøn Vækst-kapitlet i RBL. Den strategiske NEK-ramme åbner mulighed for at folde temaerne yderligere ud og vise de mange indgange til arbejdet med grøn vækst. Rådet vil kunne drøfte, om de foreslåede temaområder og typer af

indsatser er relevante og tilstrækkelige.

2. Den rettighedsbaserede tilgang er søgt beskrevet både som et overordnet princip for gennemførelsen af indsatser under NEK-rammen, og som en række selvstændige indsatser. Rådet vil kunne drøfte, hvordan den rettighedsbaserede tilgang bedst muligt tilgodeses i forbindelse med indsatser inden for naturressourcer, energi og klima.
3. Det er i NEK-rammen medtaget, at danske kompetencer, erfaringer og styrkepositioner på det grønne område i højere grad skal søges udnyttet ved tilrettelæggelsen af danske indsatser. Rådet vil kunne drøfte øget inddragelse af den danske ressourcebase - den private sektor, civilsamfund og forskningsinstitutioner – i opnåelsen af mål for økonomisk, social og miljømæssig bæredygtig udvikling.

**Natural Resources, Energy, and Climate (NEC) Strategy  
Outline**

Version 8 February 2013

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**FOREWORD (1 PAGE)**

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1. Setting the scene: Global challenges – climate challenge, resource scarcity, population growth, urbanization. The impact of all four on poverty/inequality, growth and provision of goods critical to poverty reduction: food, water and energy security.
2. Positive trends: High growth rates (still small economies), poverty decreasing – but many countries and population groups still faced with unfulfilled human as well as social/economic needs and rights, exacerbated by climate change and resource constraints.
3. Need for new thinking (innovation and transformation), new solutions (financing and new technology), new types of partnerships (e.g. public-private). Danish aid will provide strategic and catalytic input for greening of development.
4. Denmark will prioritize selected areas critical to sustainable development: common global goals; climate change; energy; natural resources: land and water; sustainable agriculture/food production and security.

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**1. INTRODUCTION (1 PAGE): OBJECTIVE AND TARGET GROUPS**

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5. Explain purpose of the NEC Framework: Will be inspirational and provide direction on implementation of strategic choices set by the Rights to Better Life (RBL) strategy. Will have special attention on the Green Growth theme and human rights and poverty reduction in the context of NEC.
6. Identify target group for NEC Framework: All stakeholders involved in Danish development cooperation in general and those working on sustainable development, Green Growth, natural resources, environment, energy, and climate issues in particular. All partners at bilateral level, among multilateral organizations, civil society and private business sector as well as Danida staff.
7. Implementation: Existing instruments. Strategic Framework for Growth and Employment<sup>1</sup> still applies, and strong link and complementarity between the two strategies for the Green Growth agenda, e.g. in the application of the Danish Business Instruments.

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**2. GLOBAL CHALLENGES AND GREEN GROWTH (2 PAGES)**

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8. Continued growth is critical to reducing poverty in a world where 1.4 billion people still live in extreme poverty. Recent high growth rates among some developing countries have been at the expense of the environment. This threatens long-term growth prospects and livelihoods improvements.

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<sup>1</sup> The Strategic Framework for Growth and Employment (G&E) encompasses tools and approaches covering six focus areas: improving developing countries access to global and regional markets, improving local frameworks for economic growth, advancing access to new technology and innovation, increasing production and processing (value chains), strengthening of tax systems and working with the most vulnerable. It describes the palette of instruments directly engaging the Danish business community in fostering growth and employment. The NEC strategic framework will seek to further “green” relevant parts of these focus areas.

9. Describe expected development in global resource availability and prices, and explain implications for development prospects, especially for poor developing countries. Global warming exacerbating resource scarcities. Give cause to local/regional conflicts. Poor people less resilient and more exposed to violation of their rights.
10. Rio+20 outcome document “The World We Want” as a guide for all countries. Meet the challenges of staying within planetary boundaries. Need for change in production and consumption patterns globally.
11. Access to and benefit from common goods. Natural resources, energy and climate (change) are critical to development and fundamental to securing the fulfillment of people’s human rights, including their economic and social rights.
12. Danish development cooperation will support a transition towards a greener and more inclusive growth. A transition will require high-level commitment from all to design frameworks that decouple growth from environmental degradation and incentivizes leapfrogging to more sustainable, environmentally sound and low-carbon productive infrastructure solutions.
13. Definition: Green Growth promotes general economic growth and development in a manner that enables the environment today and in the future to deliver the resources and environmental services on which our welfare depends (cit. RBL Strategy).
14. Green Growth is the means (the process) by which the current economy can make the transition to sustainable development. Green Growth aims at shifts in production and consumption that reduce pollutants, improve energy and resource efficiency, minimize greenhouse gases, and avoid natural resource degradation. Green Growth calls for solutions bridging – or recognizing the nexus – between food, water, energy and climate. Green Growth should catalyse investments, innovation and job creation, which not only sustain continued growth, but also give rise to new economic opportunities.
15. Green Growth is not sufficient in itself; it doesn’t solve everything. Measures will need to be put in place to ensure that the poor are not excluded from benefits or harmed in the green transition. Such a transition is not always a “win-win” scenario, there will be trade-offs.
16. NEC strategy will focus Danish cooperation efforts on a few selected priority areas where Danish competencies – including from the private sector, civil society and research institutions - can add value or fill gaps in the transition towards Green Growth, while continuing to support safeguards against adverse environmental, cultural and social impacts.

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**3. NATURAL RESOURCES, ENERGY, AND CLIMATE: DRIVERS OF DEVELOPMENT (12 PAGES)**

**3.1 Rights – a guiding principle (1-2 pages)**

17. A human rights-based approach will be applied as a guiding principle across all interventions. This will involve both procedural and substantive rights.
18. Procedural rights are used to enforce all human rights and duties. Danish supported interventions will be based on a solid analysis of four important procedural rights and principles: non-discrimination,

participation, transparency and accountability. Strong procedural rights help citizens realize and enjoy their substantive rights. They are also critical to citizen and NGO engagement in government and public matters, such as policy making, legislative reforms and development planning.

19. Sustainable Green Growth has the potential to deliver benefits to indigenous peoples and other vulnerable and marginalized communities, including the provision of alternative livelihoods. Advancing the right of access to justice and the right of access to information and participation provide opportunities for Denmark to support conflict resolution mechanisms and to promote Free, Prior and Informed Consent.
20. Substantive rights involve rights to the substance of being human and include the right to life, to property, to health, and to a healthy environment. Substantive rights are particularly important for poor people who are dependent on natural resources and ecosystems services, and have few alternative economic opportunities. Denmark will work with partners to support promotion of substantive rights relevant to Green Growth.
21. Denmark will help build the capacity of rights-holders (*e.g.*, citizens and civil society) to demand and realize their fundamental human rights, and of duty bearers (*e.g.*, public institutions, municipalities, private sector and civil society) to meet their responsibilities and functions. Denmark will pay specific attention to strengthening the rights of women as well as vulnerable groups and indigenous peoples.
22. In some cases, Green Growth can present risks to vulnerable people, and can have adverse impacts on traditional livelihoods and customary rights to land and natural resources (land, water, forest). Denmark will reduce such risks by advancing and applying appropriate social and environmental safeguards, and will help mitigate significant adverse impacts on poor populations.
23. Denmark will mainstream considerations for a rights based approach in all bilateral country programming and in the dialogue with multilateral organizations.

### **3.2 Thematic priorities (8 pages)**

#### ***Common global goals***

24. As a follow-up to the 2012 Rio+20 UN conference on sustainable development, an international process has been established to develop a set of sustainable development goals (SDGs) to be integrated in the post-2015 development agenda. Agreeing on selected, easy communicable SDGs will help all countries promote a Green Growth agenda. Denmark will engage in the process to develop post-2015 goals, which reflects all three dimension of sustainable development—social, economic, and environmental.
25. Multilateral Environmental Agreements and the Rio 1992 conventions (climate, biodiversity and desertification) are important normative frameworks. However, quality and comprehensiveness of implementation varies. Denmark will support implementation primarily through global funding mechanisms (GEF and Green Climate Fund), but will also through bilateral engagement call for increased national implementation and seek stronger involvement of the private sector and of new financing mechanisms.
26. Denmark will work to promote international solutions assisting developing countries to utilize opportunities within inclusive, Green Growth. Emphasis will be given to climate change, energy, water, agriculture. Denmark will support and collaborate with other relevant international initiatives such as

Global Green Growth Forum (3GF), international think-tanks (e.g. Global Green Growth Institute), natural capital accounting (e.g. WAVES, TEEB), fossil fuels subsidy reform, and green public procurement.

27. Denmark will support regional and international instruments that advance critical procedural rights. This might include developing international norms or regional instruments on critical procedural rights (e.g. Aarhus-convention type agreements and the African Union Model law of the right of access to information) or minimum standards on the types of information for proactive release by governments (e.g. information on natural resource licenses, contracts, company payments and government revenues, transparency in the extractive industries sector/EITI).

### ***Climate change***

28. Climate change will increasingly dictate development prospects of all countries. It will have profound impact on all aspects of human wellbeing. While impact at regional and local level will vary, it is clear that the poorest countries and the poorest parts of the population—who have the least resilience—will be the hardest hit. The absence of a comprehensive global legal framework, at least until 2020, and the lack of a well-functioning global carbon market, will force governments to create national and local incentives and capacitate all groups in society to counteract climate change.
29. Climate interventions across all sectors will be a significant and integral element of Danish development cooperation. Denmark will support countries in establishing the framework conditions and support institutional strengthening, which will enable government, private sector and civil society to advance solutions to mitigation and adaptation and hereby move towards more climate resilient and low carbon societies. At the government level, support will focus on integration of climate concerns into national and local planning, including the formulation and implementation of low carbon development strategies and of adaptation programs. A balance will be made between mitigation and adaptation needs, reflecting the higher mitigation potential in higher income countries and adaptation needs in poor and vulnerable countries. Support will be provided to building local capacity and resilience based on a close dialogue with and involvement of affected population groups.
30. Denmark will help mobilize increased funds from all sources for climate mitigation and adaptation investments in developing countries. Denmark will develop and promote new financing and partnership models. These models will leverage private investment and encourage innovation and R&D in climate-related technologies, making best possible use of relevant Danish competencies.
31. Denmark will continue to build climate change safeguards into our bilateral programs to make investments climate proof. This will include improvement of data and knowledge of climate risks as a fundamental precondition for efficient planning and implementation of climate change policies.
32. Denmark will support inclusive and transparent decision-making processes within climate change interventions. Engaging stakeholders, including the people most vulnerable to climate change, will help ensure that national government actions and Danish climate change-related investments (e.g., mitigation, adaptation and resiliency) support and benefit all segments of society.

### ***Energy***

33. Today, 2.7 billion people in developing countries rely on traditional biomass for heating and cooking with negative impacts on human health. Of these, 1.3 billion have no access to electricity. Furthermore, about 85 percent [check] of all energy worldwide comes from fossil fuels.

34. To help address these challenges, Denmark will be guided by the three goals of the Sustainable Energy for All (SE4ALL)-initiative: i) universal access to modern energy services, ii) doubling the global rate of improvement in energy efficiency, and III) doubling the share of renewable energy in the global energy mix by 2030. This energy focus will also advance the broader objective of supporting countries in a transition towards low carbon growth.
35. Access to sustainable energy is a necessary condition for development, but it must be combined with a focus on stimulating economic and social services to secure the planned local development. These important inter-linkages must be dealt with in government institutions' policy formulation, planning and implementation of interventions to increase access to energy.
36. Denmark will assist government institutions in establishing the policy framework required to enhance energy access for the poor and at the same time attract the substantial private investments required to deliver more sustainable energy services. Focus will on support for long term access policies as well as for advancing renewable energy in the overall energy mix combined with energy efficiency at both system and appliance level. Support will include promoting innovative funding mechanisms, which will be able to leverage and accelerate investments. In addition, Denmark will support the transfer of low-carbon technologies, both involving grid-based and off grid based solutions, which may improve living conditions for urban and rural poor, respectively.
37. Denmark will promote and facilitate inclusive and transparency decision-making processes on energy matters. This might include decisions on energy sources, power-generating sites, electricity grids and energy prices. Denmark will also support the release of information on energy matters (e.g., power purchase agreements and revenues).

***Natural resources: water and land***

38. Access to resources is a human rights-issue and a prerequisite for economic, social and environmental development. Rising resource scarcities will require more efficient resource use and finding a fair resource allocation that address the trade-off between productive and social objectives. Denmark will support countries to find solutions to these allocation challenges resulting in sustainable natural resource and land use management, fair and productive land investments, optimal water resource management, and better forest stewardship.
39. As regards land, loss of arable land, soil erosion and desertification, water scarcity and forest loss will reduce the natural resource base that sustains economic development, food security and social stability in developing countries. This degradation of crop-, grass-, wood- and wet-lands reduces productivity, disrupts vital ecosystem functions, negatively affects biodiversity and water resources, and increases vulnerability to climate change. In response, Denmark will promote sustainable land management practices and eco-system restoration. Support will be provided to improving national framework conditions such as securing natural resource rights and equal access to productive land and water, with special attention to local, vulnerable communities.
40. Increased demand for food and biofuels are driving large land acquisitions by public and private investors, and is threatening land use and ownership rights of rural populations in developing countries. Acquisitions often take place in countries where land rights are weak, unclear and poorly governed. In response, Denmark will support the strengthening of national legal frame-works that ensure secure property rights

and adequate procedural rights for indigenous people and local land users. Denmark will support countries and communities in securing a fair deal.

41. Deforestation and forest degradation are globally significant sources of increasing greenhouse gas emissions, depletion of biodiversity and removal of livelihood conditions for forest-dependent population groups. Denmark will counteract this development through support to improved forest management, including building national capacities and mechanisms to reduce deforestation, promote reforestation and protect forest ecosystems and biodiversity. Local communities need to be involved and to be given rights, benefits and participation in these processes.
42. As regards water, it is expected that by 2030 there will be a gap between supply and demand of water of 40% and water availability will become more uncertain due to climate change. Agricultural production alone needs to increase by 70% by 2050, which will increase the demand for irrigation and put pressures on water resources for food production. Water demand for energy production will potentially double over the next 25 years depending on applied technologies. Given these challenges, Denmark will support the implementation of national water management strategies using Integrated Water Resource Management principles with a special attention on the linkages/nexus between water-food-energy.
43. Water resource management issues need to be addressed in a national context, but since most water resources are trans-boundary, regional cooperation is essential. To scale up cost-efficient interventions on regional waters, it will be important to improve the enabling environment for regional cooperation in terms of institutions, policies, and legal and strategic frameworks. Denmark will support the management of selected trans-boundary waters to facilitate sustainable and climate resilient growth. The support will aim at addressing water management in a nexus approach with energy and food requirements for achieving poverty alleviation and regional stability.
44. Future challenges in land and water management will require new approaches and technologies. Denmark will emphasize supporting the transfer and development of innovative green technologies within the areas of resource efficiency, cleaner production methods, pollution control and improved land and water management across various production sectors. Denmark will consider approaches to payment for eco-system services, certification systems and other related initiatives. Denmark has substantial expertise in water and environment technologies and will make available such technologies where relevant and demanded.
45. Developing human and institutional capacity in relation to natural resource management in the public and private sectors, and in civil societies and local communities, is together with political will essential for partner countries to take decisions on sustainable solutions for development. Denmark will support development of capacity on all levels in the society and for this take departure in our partner's own situation. Building human capacities and institutions is not done overnight and Denmark will take a long term perspective for capacity development and focus on concrete results, e.g. improved services from the public sector.
46. Achieving Green Growth requires secure rights over land and the natural resources available on and below the surface. Denmark will focus on strengthening the natural resource rights of rural people and poor populations and protecting rural lands from extra-legal land acquisitions by local elites and foreign investors. Potential activities include support to policy reforms (e.g. establishing new forest policies and reforming framework water laws), to strengthening civil society organizations (e.g. public research NGOs and public interest environmental law organizations), and to support appropriate parliamentary committees and caucuses.

### ***Sustainable agriculture/food production and security***

47. The world is faced with several, interrelated global food security challenges: recurrent food price fluctuations with increasing spikes, nearly a billion people who are chronically hungry, and the need to feed a growing world population in the face of increased pressure on natural resources and climate change. The extra requirement for food by 2050 will have to be produced with lower per unit consumption of land, water and energy with reduced emissions of greenhouse gases. Denmark will focus its support to food security on food production with consideration to sustainable use of land, water, energy and eco-systems.
48. The poverty reducing capacity of the agricultural and food producing sector must be better utilized through establishing improved linkages between access to land, capital and markets for small holder farmers from a rights based approach, in particular the rights of women where the issue of land right is crucial. Denmark will support the development of the small holder farming sector through support for improved national framework conditions for environmentally sustainable food production, development of sustainable value chains and through improved access to secured land, technology, knowledge (extension) and markets. Denmark will promote sustainable agriculture based on an ecosystems approach involving low carbon usage and high water and nutrient efficiency.
49. Food security in many regions with fragile states (e.g. the Horn of Africa/Sahel) is being challenged by climate change, political and social instability, natural disasters and poor framework conditions. To build long term resilience there is a need for increased coordination and joint application of humanitarian assistance and development support. Denmark will address food insecurity in fragile states and ecosystems through improved and coordinated application of humanitarian and development instruments.
50. Developing countries are urbanizing at a high speed with subsequent impact on production and social structures with impact on food security. Addressing these challenges will require the development of new policy frameworks and of improved processing and marketing capabilities. Denmark will support the greening of food value chains and support the development of marketing structures that will facilitate local produce reaching local and regional urban markets.
51. Denmark will support the diffusion of climate robust agricultural technologies as well as new approaches, research and innovation, e.g. for reduction of post-harvest losses; for improvement in resource efficiency (types of seeds, water usage); and for agricultural education and training.
52. Denmark will support on-going efforts to strengthen the land rights of women, indigenous people and other vulnerable people; strengthen the natural resource rights of poor people and rural populations; and assist communities negotiating with outside investors over the use of their land and natural resources.

### **3.3 Partners and implementation (1-2 pages)**

53. During the implementation of its development cooperation, Denmark will build upon and strengthen the practical application of the aid effectiveness principles of ownership, alignment, harmonization, results and mutual accountability. These principles will guide the strategies for implementing the priorities in the NEC strategic framework and will be applied to all of the current Danish aid instruments – bilateral, multilateral, Danida Business Instruments, civil society support, support for development research, etc.

54. Within the Danida priority countries, the country policy papers will constitute a key entry point for addressing the Green Growth agenda in a comprehensive manner and guide the country programming process across intervention areas/sectors and with reference to all Danida-supported interventions (bilateral aid and multilateral aid to country level, private sector and civil society support). Specific opportunities for assisting countries in mainstreaming environmental concerns (e.g. through the conduct of Strategic Environmental Assessments (SEAs) and developing safeguards) will be pursued.
55. In relation to Danish engagement with multilateral institutions, the Green Growth agenda will be considered as a strategic element when assessing Denmark's engagement with the organizations with regard to policy dialogue as well as funding support.
56. Innovative approaches and partnerships (e.g. PPP) will be incorporated more systematically into all existing instruments; innovative financing models, in which ODA-funds assume initial risk of investment and serve to leverage/attract private finance, will be explored. Show casing and the catalytic role of aid will be promoted.
57. Efforts will be made to engage the Danish resource base - private sector, civil society and research capacities – in areas where relevant know-how and competencies can support the implementation of NEC-related interventions.

#### **4. MONITORING AND REPORTING (1 PAGE)**

58. Measuring, monitoring, and reporting are critical fields to support a transition towards a greener, more inclusive and socially resilient development agenda. Denmark will seek an operational approach and deliver visible results in prioritized fields where Denmark can add value to global and national efforts.
59. Denmark will put particular emphasis on strengthening existing national and global monitoring systems. Although there is no single "green" monitoring system, it is evident that all countries and partners have opportunities to make their monitoring and reporting systems greener and more inclusive (link with post-2015 development agenda). This could be done by
  - Developing and integrating new Green Growth indicators (e.g. on agriculture, on food loss and waste, on energy, on water);
  - Improving public access to information about the sustainability of development, complementing existing safeguard instruments;
  - Creating opportunities to involve the public in monitoring such as citizen feedback on state of the environment and service delivery. This feedback could be facilitated by the use of new information and communication technologies (e.g. mobile phones, the internet, social media).
60. The direct monitoring of the NEC strategy will be an integrated part of the annual reporting on the implementation of the overall strategy for Denmark's development cooperation, "The Right to a Better Life." Additionally, a mid-term review is expected to be undertaken for reporting to the Council for Development Policy. Finally, it will be a priority to demonstrate and disseminate progress and good practices during the implementation of the strategy.