



WWF-Australia's submission to the Independent Review of Australian Aid Effectiveness

2nd February 2011

WWF-Australia welcomes the Australian Government's initiative to conduct an Independent Review of Australian Aid Effectiveness. WWF is pleased to provide the following submission to the review team, to assist them in the review process.

WWF-Australia summary recommendations

The headline recommendations of WWF's interest and engagement in the review are as follows. AusAid should:

- Strengthen policies and programmes to ensure greater support to poverty and environmental linkages. Recognising that the achievement of the Millennium Development Goals (MDGs) is threatened by environmental degradation, loss of biodiversity and the impacts of climate change. The current loss of ecosystem services costs the global economy some \$70 billion annually. Investing in poverty and environmental programmes deliver significant achievements towards the MDGs
- Ensure Australia's commitment to the international aid programme – at 0.5% of Gross National Income by 2015 - is delivered.
- Implement a twin track approach to the environment in development cooperation. Targeted interventions and support to address global challenges and drivers of unsustainable development along with a systematic and strengthened approach to mainstreaming environmental issues in development cooperation.
- Promote, and invest in, equitable and sustainable development as an overarching priority of Australia's ODA program
- Focus its policy and programmes in supporting the integration of environmental sustainability and climate change in national development frameworks;
- Policy coherence for development is a critical tool to increase the value and effectiveness of AusAID development cooperation and one to which partner governments and civil society organisations can contribute particular knowledge of the AusAID's impact.
- Policy coherence for development also entails addressing the Australia's demand for, and consumption of, natural resources in terms of sustainability and resource efficiency.
- Recognise the importance of civil society organisations (CSOs), and especially environmental NGOs as strategic partners in aid delivery and promote greater transparency and dialogue with CSOs.
- Increase engagement with national governments, especially in the design, implementation and review of AUSAID country strategies, to build capacity in order to empower them to negotiate sustainable environmentally, socially and economically outcomes
- Increase investment in supporting improved regional fisheries management. Through its research institutions, management agencies and NGOs, Australia has significant knowledge and expertise which is highly relevant for improving the sustainability of the regions' marine resources. Future engagement regional fisheries management should be scaled up and be consistent with, or contribute to, the poverty eradication, food security and development priorities of coastal states.
- AUSAID need to explore new ways of engaging with the Chinese Government in developing countries and through a revised AUSAID China Country Strategy in support of the MDGs.
- Ensure finance for climate change mitigation and adaptation in developing countries is not at the expense of other human development priorities (and should be additional to current commitments).
- Explore innovative sources of financing for climate change, biodiversity and other global public goods and prioritise implementation of effective systems,

- Recognise that sustainable agriculture requires new approaches to land and water use planning, maximising the potential of smallholders and sustaining the ecosystem services which underpin agriculture and food security. However it is also critical to address consumption in Australia that drives unsustainable practices in less-developed states.

Background on WWF

WWF is a global network with over 5,000 staff and almost 5 million supporters around the world. We work from grass roots to international levels, with over 100 offices, delivering 1,300 projects. WWF works with government, private sector and civil society as trusted conveners on environmental and development issues.

WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature.

WWF promotes a vision of 'One Planet Development' where we seek to live equitably within the resource capacity of our planet. We understand that a healthy, functioning environment is fundamental to people's well-being. We work to create solutions to the most serious global challenges we face today including; poverty, climate change, natural resource degradation and sustainable production trade and consumption.

WWF-Australia is an autonomous national office of the global WWF network. As such it is responsible to its own board for its program and resource management, while aligning its program within a global WWF program framework¹. Much of WWF-Australia's regional program attention is devoted to the Asia-Pacific with a particular focus on the Coral Triangle, Pacific and Indonesia.

WWF-Australia is currently an AusAID base-level accredited non-government organisation, and is a signatory to the ACFID Code of Conduct. As of the 28 Sep 2010, WWF-Australia appears to be the only "environmental" accredited NGO, out of the 44² AusAID accredited organisations. In 2008, WWF's full accreditation was reviewed by AusAID; in our submission below we have provided some of the feedback previously supplied to on AusAID on that process. Our intention over the coming year is to reapply for full AusAID NGO accreditation.

For more information on WWF see annex A

Recommendations for the review team

1) Program structure:

- a. *the appropriate geographic focus of the program, taking into account partner country absorptive capacities*

Geographic focus: WWF believes that the predominate focus for Australia's aid program should remain in the Asia-Pacific region. However, as long as the aid budget grows, WWF supports the aid program recent expansion to Africa and Latin America, alongside continued and growing support to the Asia-Pacific region. WWF recommends:

- **Delivering aid in line with existing recipient country aspirations.** Many countries in our region have already made significant commitments to sustainable natural resource management projects. The Coral Triangle Initiative, the Heart of Borneo and Mekong programs are examples of these. Careful consideration needs to be given by AusAid that it supports the aspirations of its recipient countries as much as possible, rather than delivering its program along domestically driven priorities.
- **Non-traditional partners.** In the new geographic regions AusAID should work with non-traditional partners, such as WWF, that have many years of continuous presence in all these countries working with poor people on sustainable natural resources management;
- **Avoid negative environmental impacts.** Ensuring that aid expenditure in these geographically remote (from Australia) areas does not lead to negative impacts on the environment;

¹ See http://assets.panda.org/downloads/roadmap_sign_off_fin.pdf

² See: <http://www.ausaid.gov.au/ngos/accredited.cfm> AusAID list of accredited NGO's accessed 19th January 2011.

- **Aid harmonisation.** ensuring aid harmonisation with existing partners; and
- **Capacity to manage.** Ensuring there is capacity to manage these new areas as well as ensuring the aid has sustainable impacts.
- **Changing geo-political power, trade and financing.** The growth of China's impact in the Asia Pacific regional and in Africa has expanded rapidly over the past 5 years. Current trends suggest that this will continue. AUSAID need to explore new ways of engaging with the Chinese Government in developing countries and through a revised AUSAID China Country Strategy in support of the MDGs.

National government policy capacity issues - National governments often have limited experience and capacity to engage with those externally that are seeking to exploit unsustainably natural resources (such as Asian timber, fisheries corporations etc). The environment, countries and people are all losing out; there are many related issues:

- Such as huge royalties not being paid as funds are transferred from one company to another
- Human rights issues – around power and equity
- Gender and health issues – abuse of women, spread of HIV from “camps,” etc

Recommendation: National Government Capacity - AusAID should increase their engagement with national governments to empower them to negotiate sustainable environmentally, socially and economically outcomes. Aid needs to be “untied” to make it more effective; and wherever possible AusAID needs to put into practice the direct building of recipient countries' capacity, rather than over-relying on consultants to avoid the 'boomerang effect' of aid delivery.

b. the appropriate sectoral focus of the program, taking into account Australia's area of comparative advantage and measured development effectiveness results

Environmental integration

The OECD-DAC DAC Peer Review of Australia (2008)³ recognises and recommends that the environment and the sustainable management of natural resources both as an objective in itself, and also as a cross-cutting issue to strengthen the impact and sustainability of development cooperation. AusAID should commit to strengthen its approach to mainstreaming including through capacity, dialogue, and technical support. Mainstreaming environment in development cooperation and external actions implies taking full account of the management of natural resources, biological diversity, climate and associated ecosystem services in plans, programmes, policies and sectoral and regional priorities.

Mainstreaming biodiversity and the environment:

Environmental sustainability, along with gender equality and human rights, is a cross cutting issue for aid effectiveness. The Accra Agenda for Action⁴ emphasises that these issues are cornerstones to achieve enduring impact on the lives and potential of poor women, men and children and it is vital that all policies address these issues in a more systematic and coherent way. Within AusAID policy, these issues are essential to the achievement of the MDGs and should be mainstreamed through development policy and programming. Mainstreaming is not an end in itself but the means to achieve socially just, economically sustainable and environmentally sound development. Mainstreaming cannot be a one-off exercise during programming or planning but has to be maintained. In the context of the environment, it is often the case that environmental departments or agencies in many partner countries are amongst the weakest and most poorly resourced. The strengthening of institutional capacity in national and local governments for environmental management will support not only the integration of environment at the planning, programming and budgeting stages but also the development of environmental policies, legislation and good environmental management on a regular and sustained basis.

³ http://www.oecd.org/document/55/0,3746,en_2649_34603_41877687_1_1_1_1,00.html

⁴ Accra Agenda for Action, 3rd High Level Forum on Aid Effectiveness, Accra, September 2008

Since the consequences of climate change are no longer avoidable, adapting to the adverse impacts of climate change is not a choice but a necessity for an increasing number of people and societies. As well as new, additional and targeted resources for climate change adaptation, most donors are exploring measures to mainstream climate change within development programming. Such efforts should be more than risk-proofing development programmes against the impacts of climate change but should approach the issue of how to ensure aid activities, development policies and external actions reduce vulnerability to climate change. Programmes that invest in the sustainable management of natural resources and enhancing the resilience of ecosystems will provide a stronger basis for adaptation now and in the future. This is particularly important for the local communities that rely most directly on the natural resources and ecosystem services for their health and livelihoods and are the most vulnerable, including women and children.

Again, in the context of climate change, addressing all the cross cutting themes together - environmental sustainability, gender equality, human rights and HIV/AIDs etc – offers opportunities for synergies rather than trade-offs and reduces vulnerabilities to external shocks.

Much of the aid budget is spent in countries that contain biodiversity that is both of regional and global significance, but all environmental trends within those countries are extremely negative⁵. Within those countries, the most economically disadvantaged people with fewest options often tend to live in the areas with the highest biodiversity, and to reduce their poverty, particularly complex solutions are needed that do not undermine their natural capital.

The Australian Government has made commitments to the Millennium Development Goals (MDG). The environment underpins the achievement of all the MDGs. Annex B looks at the MDGs and beyond, MDG7 and the cross-cutting nature of the environment throughout the MDGs. The further supports the need by AusAID to mainstream the environment and support and measure all indicators including the biodiversity and environment indicators of MDG 7.

Additionally, the Australian Government has international obligations under its support for Convention of Biological Diversity; Ramsar and other conventions to support the protection of biodiversity and sustainable management of natural resources. For example, at the October 2010 Nagoya Conference, all parties to the Convention on Biological Diversity agreed on the need to mobilise resources in support of biodiversity, in particular to assist developing countries in implementing the new 10 year strategic plan adopted on that occasion⁶.

Reducing Emissions from Deforestation and Degradation (REDD+):

Reducing emissions from deforestation will require sufficient and predictable funding over a long time period as well as appropriate governance frameworks. WWF, alongside many environment and development NGOs, is calling for all REDD+ funds to have social and environmental safeguards in place. REDD+ must not only demonstrably contribute to significant greenhouse gas reductions but must respect and protect the rights of indigenous peoples and local communities while conserving biodiversity. In May 2010 more than 70 countries signed an agreement in Oslo which included social and environmental safeguards. The recent REDD+ agreement in Cancun made some progress but, with funds already flowing, there is a risk that safeguard policies will not be fully implemented. Australia can lead by example by applying the strongest safeguards to all the REDD+ funds it provides, both bilateral and multilateral and promoting the equitable distribution of benefits from REDD+ projects and programmes.

The importance of transparency:

Australia should take a lead in ensuring that reporting, tracking and verification of climate finance made available for developing countries is carried out in the most consistent and transparent manner possible. Climate finance commitments must be reported separately from ODA. It is also important to define a common baseline for additionality – over and above which climate finance will be made

⁵ See the Living Planet Report - http://wwf.panda.org/about_our_earth/all_publications/living_planet_report/

⁶ <http://www.cbd.int/decisions/cop/?m=cop-10> and <http://www.iisd.ca/vol09/enb09542e.html>

available as a new, additional and separate commitment to Australian ODA pledges. There must also be separate accounting of public and private sector funding. If significant private funding is included in the USD100 billion commitments, private sector flows could easily dwarf the USD100 billion figure and render it meaningless.

Australia should also set standards for regular reporting on the shares of finance for adaptation, mitigation and REDD+, the sources, the channels of finance, the geographical distribution, the use of loans or grants and the concessionality of the former.

Recommendations:

- **Poverty - environment linkages** need to be explicitly recognised by AusAID, with the development of policy tools, supporting innovative mechanism such as payment for environmental services, supporting the sustainable natural resource use practices – certification (Forest Stewardship Council⁷, Marine Stewardship Council⁸), sustainable farming practices etc
- **Mainstreaming reform:** In the absence of a finalised version environment and climate change strategy AusAID should however support commitments and build capacity to mainstreaming poverty-environment-climate into national development frameworks.
- **Integrating the MDGs:** AusAID should recognise that MDGs need to be addressed as an integrated package and environmental sustainability as a cross cutting issue that underpins all other MDGs. Emphasis should be placed on highlighting and strengthening the linkages between environment and development.
- **MDG 7:** to fully achieve all the MDG 7 indicators, the support of biodiversity protection and ecosystem services need to become an integral part of AusAID development policies, plans and budget processes as it pursues a sustainability agenda.
- **Green Economy:** Support should be provided by AusAID for implementing mechanisms for a Green Economy, which supports poverty eradication and sustainable development, by generating jobs and economic options.
- **Resilience to climate change:** AusAID should recognise the vital role of the environment and natural resources in poverty reduction and in building climate change resilience. With the rapidly changing climate, AusAID needs to assist developing countries by investing in biodiversity and ecosystem services to build resilience and help contain emissions. Development activities should be screened to ensure they are not exacerbating climate change and/or biodiversity loss and will be resilient to climate impacts.
- **Engaging China on International Aid and Development:** AUSAID need to explore new ways of engaging with the Chinese Government in developing countries and through a revised AUSAID China Country Strategy.

Biodiversity finance:

The UN Convention on Biological Diversity COP outcomes from Nagoya recognised the important links between biodiversity, ecosystems and climate change and invited governments to consider the guidance on ways to conserve, sustainably use and restore biodiversity and ecosystem services while contributing to climate change. Climate and biodiversity finance can be effectively and efficiently used to support poverty and biodiversity goals in a holistic manner which aims to ensure that tackling one environmental limit or challenge does not exacerbate another.

⁷ <http://www.fsc.org/>

⁸ <http://www.msc.org/>

In Nagoya, the Parties to the Convention also committed to: “By 2020, at the latest, the mobilisation of financial resources for effectively implementing the Strategic Plan 2011-2020 from all sources and in accordance with the consolidated and agreed process in the Strategy for Resource Mobilisation should increase substantially from the current levels.” Funding targets will be agreed at the next Conference of the Parties in 2012. Governments are also invited to submit information concerning innovative financial mechanisms with potential to generate new and additional financial resources.

Transparency of reporting is again important to demonstrate where and how donors are responding to their requirements and expectations of international environmental agreements and responding to developing country needs and priorities.

Recommendation: Biodiversity finance: AusAID allocate a specific budget to support developing countries in delivering on the updated targets in line with the outcomes of the Convention on Biological Diversity (CBD) taking place in Nagoya, Japan, Oct 2010.

Science and capacity building - Australia is fortunate to possess world-leading skills and knowledge in many areas of natural systems science, resource management, ecological sustainable development, climate adaptation and community engagement. Potentially, one of the most significant contributions that Australia could make through its aid program is the transfer of these skills through long-term collaborative relationships, such as partnerships between learning institutions. Other disciplines such as health and education have systematic and well-funded capacity building programs.

Recommendation: Science and capacity building. It is time Australia developed a much more strategic approach to building knowledge and management as part of our aid delivery.

Valuing Natural Capital:

Natural capital constitutes a quarter of total wealth in low-income countries according to the World Bank.⁹ The utilisation of tools such as natural resource accounting and strategic environmental assessments can highlight the benefits of functioning and healthy natural systems and the negative economic costs of degrading the environment.

For example, potential damage from storms, coastal and inland flooding and landslides can be considerably reduced by a combination of careful land-use planning and maintaining or restoring ecosystems to enhance buffering capacity. Planting and protecting nearly 12,000 hectares of mangroves would cost USD1.1 million but would save annual expenditures on seawall maintenance of USD7.3 million¹⁰. Mangroves also provide for other human needs such as breeding grounds for fish.

Recommendation: Valuing Natural Capital and Ecosystem Services: AusAID should support natural resource accounting and strategic environmental assessments used to inform decision making, highlighting the benefits of functioning and healthy natural systems and reflecting the true economic and development costs of degrading the environment.

c. the relative focus of the aid program on low and middle-income countries

Focus on the low and middle-income countries

⁹ Where is The Wealth of Nations? World Bank, 2006

¹⁰ Brink *et al*, (2009), The Economics of Ecosystems and Biodiversity for National and International Policy Makers – Summary: Responding to the Value of Nature

Income focus. Whilst valid, in this increasingly globalised world, the root causes of poverty may well be outside those countries for example the demand for cheap timber in Australia may well be leading to illegal logging in Papua New Guinea and associated loss of benefits for the poor of that country.

Recommendation: Address root causes of poverty. AusAID needs an approach to poverty that is integrated throughout a whole of government approach to sustainable environmentally, socially and economically outcomes.

- d. *the relative costs and benefits of the different forms of aid, including the role of non-government organisations and the appropriate balance between multilateral and bilateral aid funding arrangements.*

Involvement of civil society – Civil society is an important stakeholder and actor in sustainable development and has a critical role in the development process both with donors and partner governments. Civil society can provide expertise and knowledge to contribute to the planning of development activities, outreach to other sectors of society and grassroots organisations, empowerment and voice to marginalised groups and play a watchdog and advocacy role. In terms of development effectiveness, civil society groups can provide a critical function in holding governments and donors to account for their expenditure and activities. In terms of environmental governance, the monitoring by civil society of the extraction, use and management of natural resources can encourage sustainability and transparency in the collection and use of revenues.

WWF's experience of engaging with AusAID has been very varied. Some has been extremely positive, but more often unfortunately quite difficult; whether just trying to talk to AusAID staff or their contractors or engaging more strategically; we have many instances of non-returned calls, e-mails, etc. Engagement has been really quite ad-hoc with some AusAID staff being only keen to work together, but others not seeing any relevance of engaging with civil society.

The key roles that civil society provides in implementing the global development agenda have been widely recognised and most recently for AusAID this has been highlighted by the Office of Development Effectiveness. Civil society needs to be seen as strategic partners in the AusAID program.

For example, while the climate adaptation needs of our region are vast, absorptive capacity for adaptation funding is low. Civil society can play a strong part in implementing climate adaptation in our region. It is important that AusAID fosters and partners with civil society engagement in adaptation, and does so in a strategic manner. The risk of the necessary rapid growth in support to civil society organisations is the proliferation of uncoordinated projects, which risk duplication and may lead to short-lived results.

WWF's experiences with other aid-agencies are very different, for example in the UK, WWF-UK has had long term partnership agreements which have been developed through a process of sitting down with DFID staff, and jointly identifying and developing a partnership. WWF's DFID Partnership (the PPA) focuses on improving environmental governance, reducing the loss of environmental resources and securing environmental benefits for the poor and marginalised. Examples include water security in Tanzania; better management of marine resources in East Africa; improved forest governance in Nepal and Colombia where local communities are benefiting; increased resilience to climate change impacts in Central America and Nepal; greater participation of vulnerable countries in climate change negotiations. WWF also works to mainstream environmental sustainability into country policies and programmes to reduce the loss of environmental resources. For example, innovative work on China-Africa linkages seeks to support Africa and China's mutual interest in economic growth and find environmentally sustainable ways for this to happen.

Recommendation: NGO engagement . A mind-set / cultural change appears to be needed within AusAID (also within technical assistance and large consultancy firms) towards civil society.

AusAID should enhance the participation of civil society organisations in the decision-making processes for AusAID aid program, including in the reviews and evaluations and earmark funds specifically for civil society organisations to bring their particular added value to development, including the strengthening of policy and advocacy capacity. The five fundamental principles applied to the AusAID-NGO Cooperation Agreements¹¹ provide for a mutually advantageous approach to the government-civil society relationship, recognising the professionalism and experience of each party. It would be good to see these principles adopted in the accreditation process and elsewhere in the AusAID's relationships with civil society.

NGO Partnerships: AusAID (also technical assistance and large consultancy firms) need to see NGO's as being seen as key and strategic partners in the increasingly complex develop agenda. This should include increasingly partnering with "environmental" NGOs who are engaged with the complex links between poverty and the environment.

AusAID - NGO accreditation process: The AusAID NGO accreditation is potentially a very valuable to tool, however we would suggest the process needs to become less rigid; a one size fits all model should not be applied; and move from a relationship donor-recipient to one of working together with NGOs and provide feedback, also share lessons from other "successful" programs. WWF believes that the significant organisational commitment required to maintain accreditation is contributing to the decline in environmental NGOs having formal arrangements with AusAid. In the 1990's there were a number of environmental NGOs with accreditation. Currently only WWF appears to WWF hold accreditation and only at a base level.

Recommendation – AusAID NGO accreditation process: WWF would suggest the NGO accreditation process is reviewed and redeveloped to optimise partnerships between AusAID and the NGOs and for increased environmental NGOs accreditation to be a priority. Environmental NGOs have considerable experience and value in a number of important issues such as poverty-environment linkages, climate vulnerability assessment and enhancing sustainable livelihoods.

2 *The performance of the aid program and lessons learned from Australia's approach to aid effectiveness.*

Performance of the aid program – As mentioned above WWF feels the aid program could be considerably strengthened by mainstreaming the environment throughout the aid program.

Recommendation: Lessons learnt. For lessons to be learnt effectively within AusAID time / space need to be allowed to adapt to these lessons; this is going to become increasingly critical as the program grows and moves down a results based / impact based path. Additionally, lessons need to be learnt from civil society, businesses other aid agencies.

3 *An examination of the program's approach to efficiency and effectiveness and whether the current systems, policies and procedures in place maximise effectiveness.*

Unintended environmental consequences of the aid program - For example, the aid programs in Papua New Guinea and Solomon Islands are focused on developing governance structures and public administrations and therefore create standing payroll burdens on the national governments. But growing the numbers of civil servants has been occurring without sustainable sources of revenue and hence countries are becoming increasingly dependent upon the unsustainable exploitation of natural resources – timber, fisheries etc.

¹¹ See: <http://www.ausaid.gov.au/ngos/pdfs/agreement.pdf>. The principles are: i) transparent and consistent criteria; ii) there is no "one size fits all" approach; iii) based on mutual respect; iv) there is recognition of accountabilities; and v) provide for mutual learning and policy dialogue

Recommendation - Reviewing the unintended environmental consequences of the aid program

- AusAID needs to meaningfully review each of its whole country aid programs to assess their impact [cause/effect] on biodiversity and the natural environment including land-use.

Use of Strategic Environmental Assessments:

Policy appraisal tools such as Strategic Environmental Assessments can help give environmental considerations due weight in strategic decision making. There is the need to systematically strengthen the use of such tools to support mainstreaming and the experience gained so far by both developed and developing country governments indicates their value in making development choices at the policy, programme, and plan or sector level both nationally and regionally.¹²

The 2005 Paris Declaration already includes a section on promoting a harmonised approach to environmental assessments which provides opportunities to take forward some of the approaches mentioned above. For example, the use of strategic environmental assessments and the development of capacity at a national level.

“41. Donors and partner countries jointly commit to:

- *Strengthen the application of EIAs and deepen common procedures for projects, including consultations with stakeholders; and develop and apply common procedures for “strategic environmental assessment” at the sector and national levels.*
- *Continue to develop the specialised technical and policy capacity necessary for environmental analysis and for enforcement of legislation.*

42. Similar harmonisation efforts are also needed on other cross-cutting issues such as gender equality and other thematic issues including those financed by dedicated funds.”

The Paris Declaration on aid effectiveness also highlights that the progress on harmonisation of approaches to environmental assessments needs to be deepened including addressing the implications of global environmental issues such as climate change, desertification and loss of biodiversity.

4. *The appropriate future organisational structure for the aid program, including:*
 - a. *AusAID's organisational structure for aid delivery*

AusAID environment capacity. - With the increasing AusAID target budget [0.5% GNI target]; AusAID will increasing struggle to deliver on the MDG 7 biodiversity and environment obligations.

Recommendation: Building environment capacity - AusAID needs to increase thematically the number of environment staff. Additionally other AusAID staff, such as the ANCP team, also technical assistants, consultants need their understanding around the close links between poverty and the environment, and around other key areas such as sustainability, adaptation and biodiversity would benefit the organisation.

Thinking organisation – To learn lessons and adapt from both lessons from internal evaluations as well as lessons from other aid donors is critical to successful programmes. In AusAID this ‘thinking’ is frequently outsourced which has many impacts on policy and implementation. AusAID needs the internal capacity to be a “thinking organisation.”

Recommendation: Creating a thinking organisation - Internal capacity needs to be built to become more of a thinking organisation, for example, and as a priority it needs to move beyond the thinking behind just an economic approach to poverty reduction and be looking at the multi-facets of poverty through a sustainable livelihood lens, drawing on for example lessons from OECD-DAC, the Millennium Ecosystem Assessments¹³ etc.

¹² Applying Strategic Environmental Assessment: Good practice guidance for development cooperation (DAC guidelines and reference series, OECD 2006).

¹³ See: <http://www.maweb.org/en/index.aspx>

In addition staff exchange and secondments should be conducted between AusAID and NGOs, this can be a good way to help bridge the divide.

AusAID staff career paths - In our experience, significant challenges with project implementation have occurred in part due to the significant staff turnover in AusAID.

Recommendation. Developing career paths for AusAID staff. AusAID should continue to policies and practice that develops long-term careers in the organisation;

b. arrangements for the coordination of ODA across the public service

Policy Coherence for Development:

Beyond development cooperation, Australia has an impact on development through both its internal and external policies. Australia must make an obligation to policy coherence for development it must receive a strong emphasis in order to achieve more effective and long lasting results. This implies moving from an individual policy focus to a holistic approach which takes into account the multi-linkages between policy areas and cumulative impacts on partner countries.

Importantly, during policy dialogues with partner countries (whether in the context of development cooperation, foreign policy or trade negotiations), Australia should invite opinions and debate on the coherence for development of the Australia's own policies as perceived from the experience of the partner country.

Australia should ensure that there are sufficient resources available to tackle the policy coherence in development (PCD) work programme including - trade and finance, climate change, food security, migration and security – and to deepen the approach in future to better harness the development potential of its policies.

A PCD work programme to address climate change in a development context should emphasise the need for a comprehensive approach fully integrating interlinked environmental concerns such as loss of biodiversity, degradation of ecosystems, deforestation, desertification, production and consumption. It should also aim to seek synergies between climate change, energy and development policies and facilitate the access of developing countries to low carbon and carbon resilient technologies. At the same time, Australia will need to address its own consumption of natural resources from other parts of the world with the aim of sustainability, resource efficiency and equity. This concept of “joined up” policy making potentially can contribute to Australian's leadership in environment and sustainable development as well as ensuring that development objectives such as food security and access to energy can be delivered.

c. coordination of Australia's ODA with other donors and institutions.

Governance and the private sector: For the private sector to be a genuine contributor to poverty reduction, equitable and sustainable development there must be a policy environment in place that encourages responsible finance and activity and addresses market failures such as the externalisation of environmental costs. Social and environmental safeguards should be of the highest standard with mechanisms for complaints and corrective actions. There will be instances of development and environment sectors where private capital is unlikely to be forthcoming or suitable – human rights, democracy, health, some adaptation to climate – or where governance conditions are not conducive to attracting, maintaining and using private sector investment for the national benefit particularly in the natural resources sectors.

The EU should also support developing countries to establish tools to mobilise domestic resources effectively, including through tackling capital flight, corporate tax evasion and avoidance, transfer pricing. The EU should champion the creation of a global multilateral information exchange and a country by country financial reporting standard for multinational corporations.

5. *The appropriateness of current arrangements for:*
- a. *review and evaluation of the aid program, including an examination of the role of the Office of Development Effectiveness and options to strengthen the evaluation of the aid program*

Office of Development Effectiveness - ODE provides an extremely useful function, however it could be strengthened by being made more independent of AusAID.

Recommendation: ODE independence, evaluation transparency and evaluation process:

- the ODE needs to be made completely independent of AusAID – it could report directly to Parliament or a bi-partisan Parliamentary committee;
- in terms of the appropriateness of the current arrangement for reviewing the aid program, there is a need to strengthen the mechanism to ensure the DAC Peer review¹⁴ recommendations are actually implemented;
- increased transparency (to overcome the issue of commercial confidentiality) is needed of all evaluations; and
- the evaluation program cannot be strengthened alone, it needs to be done alongside an improved (and transparent) adaptive management process and learning process to strengthen AusAID's future programs.

- b. *the management of fraud and risk in the aid program.*

NGO Accreditation. The high level of scrutiny and the significant investment of staff time and documentary required of the accreditation process on NGOs seem to be inconsistent with the level of risk to AusAID of NGO expenditure of official funds.

Recommendation: Review NGO Accreditation. The NGO Accreditation process should be reviewed and streamlined to reduce the burden on NGOs and make it more equivalent to the level of risk.

The review will involve an examination of broader international thinking on aid effectiveness and will draw on work by the OECD DAC (including the most recent peer review of the Australian aid program), work on the approach and experience of non-state donors (such as the Clinton and Gates Foundations and non-government organisations) and the range of audits undertaken by the ANAO.

¹⁴ http://www.oecd.org/document/56/0,3343,en_2649_34603_41877687_1_1_1_1,00.html

Annex A - More on WWF

Background on WWF

WWF is a global environmental organisation with over 5,000 staff active in over 100 countries and over 4 million supporters worldwide. WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which people live in harmony with nature. WWF has developed extensive experience of natural resource management and addressing the drivers of environmental degradation as a result of nearly fifty years of field and advocacy activities. We work in partnership with local communities, other civil society organisations, governments, intergovernmental agencies and the private sector on issues relevant to sustainable development including freshwater, biodiversity, climate change, energy, forests, marine and fisheries management, pollution, sustainable consumption and commodities.

Drawn from the 2009 Annual review

http://assets.panda.org/downloads/wwf_int_ar_a4_di10_low_res.pdf

The world is at a critical crossroads. We need to take the path of sustainable development now, before it's too late. WWF's leadership has never been more important.

Over the last half century, WWF has been at the forefront of historic conservation breakthroughs – from the regulation of trade in threatened and endangered species to the success of the Forest Stewardship Council. We've helped establish international treaties and conventions, influence government policies and change the way some of the world's leading companies do business.

We have been instrumental in protecting over a billion hectares of the planet's most important habitats – an area larger than the United States. These protected areas range from polar regions to the equator, from rainforests to deserts, from the Himalayas to the Great Barrier Reef.

We have invested over US\$9 billion in thousands of projects in more than 100 countries. We've produced groundbreaking research and pioneered new ideas, from community-led resource management to water footprints.

We believe that humans can and must learn to live in harmony with nature, and were one of the first organizations to promote the concept of sustainable development. It was a revolutionary idea at the time. Now, finally, it's at the top of the global agenda.

As a matter of principle, WWF strongly asserts the inextricable nexus between conservation and development in developing countries. WWF takes a holistic approach to conservation and development. It is not a case of "conservation before development" or "development before conservation"; nor is it a case of "a priority of conservation over development". The two go hand-in-hand. This is fundamental to the vast majority of WWF's work world wide; indeed WWF has been at the forefront of the international debates on environmentally sustainable development since the early 1980s.

But urgent action on a massive scale is needed to tackle climate change, biodiversity loss and our over-consumption of natural resources. We are stepping up conservation work to unprecedented levels, mainly through our 14 global Initiatives.

We've set ambitious goals – and even more ambitious timeframes for achieving them. We won't meet them without equally ambitious commitments from our donors and partners. But we know from experience that when we lead, others will join us

How we work

As the world's leading conservation organization, we have a hugely important mission. We are here to stop the degradation of our planet's natural environment, and build a future where people live in harmony with nature.

We do this by:

- protecting biodiversity – the magnificent array of living things that inhabit our planet and the places where they live
- reducing humanity’s footprint on the natural world by challenging wasteful consumption and pollution, and promoting sustainable ways to use the Earth’s resources

Our goals by 2050:

- the world’s most outstanding natural places are intact and protected. That will mean a more secure future for the species that inhabit them – including human beings
- humanity has stopped using more resources than the planet can support, and shares these resources fairly

These goals are ambitious. We cannot do everything at once, and we cannot achieve everything on our own. But by focusing on where we can make the most impact, and working with partners, we can get the best value from our resources and catalyse change on a global scale.

We’ve identified 14 priority areas where we can make a crucial difference. We call these our global Initiatives.

To combat climate change, we’re working towards a Global Climate Initiative. We’ve also launched Initiatives to protect the Arctic, promote Smart Energy and prevent global warming from deforestation through our Forest Carbon Initiative. Forests are also vital areas for biodiversity, and we’re focusing on the planet’s three most important forest habitats: in the Amazon, Borneo and Congo.

We’re also focusing on two of the world’s richest marine habitats – the Coral Triangle and Coastal East Africa – and the largest mountain range, through our Himalayas Initiative. And we’ve launched a high profile campaign to save the Tiger – work that will benefit other threatened species, habitats and ecosystems.

We’re also working to ease the unsupportable demands humans make on the planet’s resources. Through the China for a Global Shift Initiative, we are working with the world’s leading manufacturer to show how economic growth can be achieved within the planet’s ecological capacity. Our Market Transformation Initiative is exploring ways to reduce the environmental impact of products like cotton, wood, soy and palm oil. We’re also fighting to repair the devastation overfishing has caused in our oceans by promoting Smart Fishing

WWF's Guiding Principles

To guide WWF in its task of achieving the mission, the following principles have been adopted. WWF will:

- be global, independent, multicultural and non party political
- use the best available scientific information to address issues and critically evaluate all its endeavours
- seek dialogue and avoid unnecessary confrontation
- build concrete conservation solutions through a combination of field based projects, policy initiatives, capacity building and education work
- involve local communities and indigenous peoples in the planning and execution of its field programmes, respecting their cultural as well as economic needs
- strive to build partnerships with other organizations, governments, business and local communities to enhance WWF’s effectiveness
- run its operations in a cost effective manner and apply donors’ funds according to the highest standards of accountability.
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- run its operations in a cost effective manner and apply donors’ funds according to the highest standards of accountability.

We are globally respected by governments and aid agencies

Over the last five years, a fifth of the WWF network income has come from governments and aid agencies. These include government initiatives such as the United Kingdom Department for International Development (DFID) and the German economic cooperation agency KfW Bankengruppe, and multilateral institutions including The World Bank Group, European Commission and African Development Bank (for a full list, see below).

Ensuring environmental sustainability is one of the Millennium Development Goals that all UN members are committed to. We're perfectly placed to help achieve it..

Governments and aid agencies

International governments and development agencies are vital partners and also a source of funding for WWF projects. We are grateful to the following for their invaluable support:

Bilateral agencies

Australia - AusAID

Austria - Austrian Development Cooperation (ADC)

Belgium - Directorate General for Development Cooperation (DGCD)

Canada - Cida

Denmark - Danida

Finland - Ministry of Foreign Affairs

France - Ministry of Foreign and European Affairs, AFD, FFEM

Germany - BMZ, KfW, GTZ, DEG

Italy - Ministry of Foreign Affairs

Netherlands - DGIS, LNV

Norway - Ministry of Foreign Affairs (International Development and Environment), Norad

Spain - AECI

Sweden - Sida

Switzerland - SDC, SECO

United Kingdom - DFID, Defra

United States of America - USAID, USFWS, NOAA

Multilateral agencies

African Development Bank

Asian Development Bank

European Commission - Europe Aid

Global Environment Facility

Inter-American Development Bank

UN Development Programme

UN Environment Programme

The World Bank Group

Annex B - Meeting the MDGs and beyond

MDG 7 which aims to ensure environmental sustainability encapsulates a broad array of key environmental issues including biodiversity, air pollution, forests, climate change and fish stocks, clean drinking water, sanitation and improvement of slums. The environment underpins the achievement of all the MDGs.

Ecosystems and biodiversity are the fundamental building blocks on which we all depend for our existence and development. Biological diversity provides food, timber, fibre, fuel, medicine and freshwater but also essential services such as water purification, air and soil quality, pollination, pest control, climate regulation, flood control and protection against natural hazards. While we all depend on natural services, the poor are usually the most vulnerable to environmental degradation, lack of clean water and fertile land, leading to increased hunger, ill health and poverty. At least 60% of the essential services provided by ecosystems are degraded and used unsustainably¹⁵. Demands on rivers and groundwater resources for agriculture and industry already use about 90% of the world's freshwater. There are strong links between biodiversity loss and poverty reduction, including meeting the MDGs, and the economic and welfare impacts of biodiversity loss are enormous. For example biodiversity loss is resulting in the disruption of agriculture and a decrease in fish catches. It is estimated that each year we lose ecosystem services worth around €50 billion; by 2050 the cumulative loss of ecosystem services could amount to €14 trillion per year undermining economic and social development.¹⁶

The Millennium Development Goals Report 2009¹⁷ points out that accelerated progress is needed in several areas including giving greater priority to preserving our natural resource base. *"We have not acted forcefully enough – or in a unified way - our fisheries are imperilled; our forests, especially old-growth forests, are receding; and water scarcity has become a reality in a number of arid regions"*. The target to reduce biodiversity loss is woefully off track with an overall 30% decline in species populations since 1970,¹⁸ if this trend continues, the functioning of vulnerable ecosystems, and the services they provide, may be severely compromised, with drastic consequences to human societies¹⁹. Global forest loss is estimated at 13 million hectares a year²⁰. Overall deforestation accounts for up to 20% of global greenhouse gas emissions²¹ and is a significant contributor to climate change. Australian development cooperation should be tackling the causes that trigger and exacerbate poverty – including access to natural resources and participation in decision making about the use of natural resources.

Environmental sustainability needs to be given adequate attention and the depletion of natural capital resulting from unsustainable management of natural resources is in many ways undermining development efforts. Thus the maintenance of ecosystem services which are important for the poor is crucial for MDG progress and maintaining healthy ecosystems, resistant to stress and avoiding non-reversible damage is necessary for securing economic growth and reaching the MDGs in the face of resource depletion and global environmental challenges.

Australia should also be leading the way in promoting a post-2015 framework for development. A revised framework should tackle the causes and consequences of poverty and have sustainable development at its heart. The 2010 Rio+20 summit is a key opportunity for bringing together the environment, development and climate change agendas in international decision making for sustainable development.

The impacts of climate change are seriously undermining progress on the MDGs and are causing more people to slide into poverty. The 2009 Human Impact Report claims that 300,000 people a year are already dying from climate change impacts and a further 4 billion are vulnerable²². Water scarcity, food insecurity, reduced agricultural productivity, floods, the loss of low-lying lands and islands, desertification and the spread of vector-borne diseases are all expected impacts which will put further stress on those people already living in the most vulnerable situations. To avoid dramatic changes in the climate, WWF believes that global temperatures should not exceed more than 1.5°C increase above pre-industrial levels. Governments have so far failed to secure a fair and ambitious legally binding agreement on climate change and countries' pledges on mitigation are inadequate to meet the internationally agreed goal of

¹⁵ Millennium Ecosystem Assessment. (2005) Ecosystems and Human Well-being: Biodiversity Synthesis. World Resources Institute, Washington, D.C. <http://www.millenniumassessment.org/documents/document.765.aspx.pdf>

¹⁶ The Cost of Policy Inaction (COPI): the case of not meeting the 2010 biodiversity target, <http://ecologic.eu/2363>

¹⁷ United Nations (2009) The Millennium Development Goals Report

http://www.un.org/millenniumgoals/pdf/MDG_Report_2009_ENG.pdf

¹⁸ WWF (2008) Living Planet Report http://assets.panda.org/downloads/living_planet_report_2008.pdf

¹⁹ UNEP/CBD/SP/PREP/2 November 2009

²⁰ FAO (2005) Forest Resources Assessment <http://www.fao.org/forestry/fra/fra2005/en/>

²¹ idem

²² Global Humanitarian Forum (2009) Human Impact Report Climate Change: The Anatomy of a Silent crisis www.ghf-geneva.org/Portals/0/pdfs/2009forumreport.pdf

keeping the world below 2°C average warming; consequently, the economic, social and environmental costs of preventing a long term global disaster are mounting fast.

Well managed natural resources can increase resilience to climate change and improve the lives of the poor. Climate change impacts play out through changes in the environment, such as new patterns in the water cycle. Climate change also exacerbates other stresses such as environmental degradation and pollution. Ecosystems are most resilient when they are intact, healthy and naturally diverse; as such they can help buffer some of the impacts of climate change and support adaptation actions over the long term. This means the careful protection, use and management of ecosystems is vital. Forests for instance can protect agricultural land and villages from soil erosion and flooding; mangrove swamps provide soft protection to storm surges and coastal erosion. International agreements in the recent Conference of the Parties to the Convention on Biodiversity acknowledge that protecting biodiversity will help slow climate change by enabling ecosystems to store and absorb more carbon and will help people adapt by enhancing the resilience of ecosystems. Thus better protection of biodiversity is a prudent and cost-effective investment in risk reduction.

MDG 7: Environmental Sustainability - Underpinning poverty reduction

MDG 7: Ensure environmental sustainability

Summary of MDG 7 Targets: integrating sustainable development into country policies and programmes; reversing loss of environmental resources; **reducing biodiversity loss**; access to **safe drinking water and basic sanitation**; improving the lives of **slum dwellers**

Key Points

- **MDG7 is often sidelined** particularly the aspects concerning biodiversity and environmental resources, the focus is usually on water and sanitation.
- Most of the targets for MDG 7 are **off track**. Where there has been progress, for example on safe drinking water, there is wide variation by region, with Sub-Saharan Africa often faring worst.
- The environment **underpins all the MDGs**, especially those concerned with hunger and food security, education, gender, child mortality, health, disease, water and sanitation (see section C).
- **Natural capital is key to national wealth**, and household wealth creation. By 2050 it is estimated that the cumulative loss of ecosystem services will amount to €14 trillion per year – undermining economic and social development.

Environmental degradation poses a **significant barrier** to achieving the MDGs, and may undermine any progress that is made towards meeting them. **Climate change** is already holding back progress on the MDGs and needs urgent commitment from world leaders.

Environmental Sustainability: supporting the MDGs

1. Sustainable wealth creation: underpinned by environmental assets.

Natural capital constitutes a quarter of total wealth in low-income countries according to the World Bank. At household level natural resources are often the ‘wealth of the poor’, providing them with assets to support their livelihoods and build a way out of poverty. To contribute to long term and sustainable poverty reduction, environmental assets need to be managed and used sustainably, with strong governance mechanisms to ensure benefits reach the poor. Private sector interests that generate wealth need to have strong social and environmental safeguards to ensure that opportunities for future generations are not undermined. Natural systems underpin agriculture, which is fundamental to sustainable development and poverty reduction, especially in rural areas. These systems are essential for improving agricultural productivity, profitability and sustainability which represents a key pathway out of poverty. Environmental assets need to be reflected in the way in which development and wealth creation is measured.

2. Natural systems providing vital services for the poor.

We all depend on biodiversity and the services provided by natural systems for food, fuel, freshwater, materials, water purification, soil quality and pollination etc. Natural systems and biodiversity are the platform for agriculture and global food supply and underpin human health. The Millennium Ecosystem Assessment found that over 60% of all ecosystem services are degraded and used unsustainably. This jeopardises the achievement of the MDGs and is rolling back development progress to date, as the poor are the most vulnerable to environmental

degradation. For example, good management of water catchments is essential for delivering water for health and sanitation, and livelihood activities such as agriculture that can generate wealth. Degraded watersheds affect water distribution, storage, quality and quantity, with implications for health, nutrition and education.

3. Climate change: undermining the MDGs.

Climate change is undermining progress on the MDGs and causing more people to slide into poverty. The 2009 Human Impact Report claims that 300,000 people a year are already dying from climate change impacts and a further 4 billion are vulnerable. Water scarcity, food insecurity, failed harvests, floods, the loss of low-lying lands and islands, desertification and the spread of vector-borne diseases are all likely to increase, which will put further stress on people already living in the most vulnerable situations. Climate change impacts play out through changes in the environment, and some of the biggest impacts are on water. If well managed, natural systems can increase people's resilience to climate change and provide a buffer from climate change impacts. Natural systems should form a key element in adaptation strategies.

4. Governance and conflict: environment links.

Governance of natural resources needs to be strong and effective, to ensure that resources are used sustainably and benefits reach the poor. Good governance of natural resources underpins wealth creation at national and household levels. The protection and management of forests, freshwater, soils, coasts and the seas requires effective governance which involves the users of these resources as well as civil society, local and national governments and the private sector. Where there is weak environmental governance conflict can be the result. UNEP estimate that 40% of all intrastate conflicts since 1960 have a link to natural resources. Climate change is increasing the likelihood of conflict over key environmental resources, particularly fresh water.

5. The economic value of the environment.

The contribution of natural systems and environmental assets to economic and social development needs to be embedded in political decisions. The failure to recognise and value the services that ecosystems provide to human populations is an underlying reason for environmental degradation. Valuing natural systems can help ensure we protect our essential life support systems. The Economics of Ecosystems & Biodiversity (TEEB) estimate that each year we lose ecosystem services worth ~€50 billion and by 2050 the cumulative loss of ecosystem services will amount to €14 trillion per year. Investing in the management of natural systems also expands options for economic growth, supports local economies, creates jobs and income, protects society from natural hazards and ensures long-term security and sustainability in the face of global and environmental change. A Green Economy and access of developing countries to low carbon and climate resilient technologies needs to be promoted in a manner that fosters sustainable poverty reduction. For example access to clean energy for the poor would help contribute to all the MDGs.

C. Links between MDG 7 and other the MDGs

MDG	Environment Links
Goal 1: Eradicate extreme poverty and hunger	<ul style="list-style-type: none"> • Livelihoods and food security of the poor often depend directly on healthy ecosystems. • Ecosystem services are the platform for agricultural production and thus food security. • Good management of environmental and natural resources is often essential for economic growth. Investing in the environment expands options for economic growth and job creation and ensures long-term economic stability.
Goal 2: Achieve universal primary education	<ul style="list-style-type: none"> • Time spent collecting water and fuel-wood by children, especially girls, can reduce time at school. Better management of natural resources could improve this. • Better school sanitation increases attendance by girls. • Poor nutrition, high disease burden and pollution can impair cognitive development, and this is being exacerbated by climate change.
Goal 3: Promote gender equality and empower women	<ul style="list-style-type: none"> • Poor women usually have the burden of collecting water and fuel-wood, and have unequal access to land and other natural resources. Better management of natural resources could improve this. • Women are disproportionately vulnerable to swift environmental changes and loss of natural assets (eg brought about by climate change and environmental degradation).
Goal 4: Reduce child mortality	<ul style="list-style-type: none"> • Water-related diseases such as diarrhoea and cholera kill an estimated 3 million people a year in developing countries, the majority of which are children under the age of five (Water shed management is essential for safe water). • Indoor air pollution from the burning of solid fuels is linked to the deaths of over 1.6 million people a year, predominately women and children. Access to clean energy from renewable sources would improve this. • Most main causes of child mortality will be exacerbated by climate change and biodiversity loss.
Goal 5: Improve maternal health <i>(widely recognised as the most off track MDG)</i>	<ul style="list-style-type: none"> • Carrying heavy loads of water and fuel-wood, and indoor air pollution from cooking on solid fuels adversely affect women’s health and can increase risk of complications during pregnancy. Access to clean energy, and better management of natural resources would improve this. • Climate change and biodiversity loss exacerbate global malnutrition and spread of diseases, increasing maternal mortality.
Goal 6: Combat HIV/AIDS, malaria and other diseases	<ul style="list-style-type: none"> • Up to one-fifth of the total burden of diseases in developing countries may be associated with environmental risk factors – and preventive environmental health measures are as important and at times more cost-effective than health treatments. • Climate change and biodiversity loss increase spread and risk of infection of malaria, HIV and tuberculosis and drastically increase global health cost.
Goal 8: Develop a Global Partnership for Development	<ul style="list-style-type: none"> • Many international environmental problems, such as climate change and depletion of major fisheries, can only be solved through partnerships. For example between rich and poor countries; between private sector, public sector and civil society; between policy makers and researchers.