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**LEARNING THROUGH PEER REVIEWS – SPECIAL THEMES (2009-2010)
SYNTHESIS REPORT**

This report presents a synthesis of findings from the special themes chapter of DAC peer reviews undertaken in 2009-2010. This revision takes into account comments of a factual nature by two members of the Committee on the first draft that was circulated in March 2011 and subsequently discussed at the DAC Peer Review Methodology meeting of 19 April 2011.

Further to the written procedure launched on 26 April 2011, no comment has been received from Delegations. This document is now considered as APPROVED and is issued as FINAL.

The document is now available through OLIS and will be disseminated through the relevant subsidiary bodies. Key lessons from the report may be disseminated by the Secretariat through future 12 Lessons publications (Capacity Development only), issue briefs and the DCD website.

Contact:

Michael Ward - Tel. 33 (0)1 45 24 76 47 - Email: michael.ward@oecd.org

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1. OVERVIEW OF SPECIAL THEMES

1.1 Introduction

1. This report summarises the key findings in respect of special themes addressed in the peer reviews conducted in 2009-2010 which examined the development co-operation systems of 10 DAC members.¹ The special topics they looked at were (i) capacity development; (ii) environment and climate change; and (iii) food security and agriculture.²

1.2 Background and Rationale for the Report

2. Special topics have been included in a chapter of the analytical reports (Secretariat Report, Part Two) of DAC peer reviews since 2007. Topics were defined for all peer reviews over each two-year cycle, beginning with the biennium 2007-2008, at the end of which an overview report has been presented to the DAC.³ The rationale for the chapter on special themes is to promote “*shared learning on issues specifically chosen by the Committee for their importance to the current context.*”⁴

3. For the biennium 2009-2010, in accordance with its *Learning through Peer Reviews Action Plan* for that two year cycle [DCD/DAC(2008)47], the Committee (i) retained the mandatory topic of capacity development from the previous biennium and introduced two new elective topics: (ii) environment and climate change; and (iii) food security and agriculture. The focus on capacity development was retained from the previous cycle because the DAC continued to regard adequate country capacity as one of the critical missing factors in current efforts to meet the Millennium Development Goals (MDGs). This is now widely recognised by donor organisations and partner countries alike, as articulated in the 2005 *Paris Declaration on Aid Effectiveness* and emphasized in the Accra Agenda for Action. As such, capacity development has emerged as a top priority for the DAC. The DAC decided to examine environment and climate change as a first new topic because policy makers recognise that the negative impacts of environmental degradation and climate change are affecting poor people disproportionately. Development co-operation has a special role to play in addressing the causes and effects of both issues, as environment and climate are affected by development policy choices, and in turn their degradation threatens development objectives. The second new topic was chosen because in almost all developing countries food prices and food insecurity increased significantly during 2007 and early 2008. In some cases, prices more than doubled, and in a few countries there were absolute scarcities of foods available on local markets. The DAC therefore considered agriculture, high food prices and donor responses a fast evolving priority and decided that for the 2009-2010 biennium it should be one of the two options for special topics in all peer reviews.

1. Austria, Belgium, Germany, Italy, Japan, New Zealand, Portugal, Sweden, Switzerland and United Kingdom

2. The 2009 review of Ireland fell under the previous group of peer reviews (biennium 2007-2008) for the purposes of learning from special themes and is therefore not included in this synthesis report.

3. See the synthesis report on the 10 reviews from 2007-2008: DCD/DAC(2009)34

4. DCD/DAC(2007)6/REV1

4. To provide some structure to the dialogue and report on the special topics, key questions were outlined in a revised content guide [DCD/DAC(2008)46/REV2]. The DAC approved *Learning through Peer Reviews Action Plan 2009-2010* includes a requirement for a synthesis report for the biennium on the three special themes to be produced in the first quarter of 2011. This report responds to that requirement by presenting peer review findings on all three themes in a single document.

5. The 10 peer reviews covered by this synthesis report included field visits to countries where donor performance against the selected themes was “tested”. The capacity development theme was reviewed in all 10 peer reviews, the theme of environment and climate change in 6 cases and the food security and agriculture theme in three cases (see Annex A for a summary of the countries visited and the themes chosen). One donor, Portugal, nominated an alternative theme: security and development. This alternative theme is not reflected in this synthesis report.

1.3 Limitations

6. The aim of peer reviews is to promote mutual learning and accountability. They review members’ progress against the goals and policies agreed in the DAC as well as internationally and nationally established objectives. As noted above, the rationale for the special themes chapter was solely about learning and for this to be achieved there needed to be an adequate level of engagement in the process by both the examiners and the reviewed country as well as appropriately qualified assessment of the reviewed member’s progress. The DAC peer reviews covered by this synthesis have tended to provide a snapshot of institutional strategies and systems and an audit of the reviewed country’s efforts on the special themes. But a lot of the analysis underpinning this inventory has been more limited. The reasons for this are mainly that peer reviews have limited time and resources devoted to them and the peer review teams did not include particular expertise in the special themes. The reviews thus tended to concentrate resources on the areas of analysis where peer reviews have a particular comparative advantage over other aid assessments, such as aid policy and strategy, aid management and humanitarian assistance. In addition, the sample size - for the elective topics at least – has been too small to enable substantive or systemic conclusions to be inferred and allowing reviewed countries to choose their topic may have resulted in some bias towards donor good practices. In brief, the DAC peer reviews covered by this synthesis report have provided some insights into donor practices regarding the special themes, but they have yielded rather fewer learning opportunities than might have been anticipated when they were introduced. However, on the positive side of the ledger, renewal of the mandatory theme for the 2009-2010 biennium has at least ensured an expanded sample for capacity development and provides for a deeper analysis of trends in this key thematic area.

1.4 Linkages between special themes

7. The themes were not selected on the basis of perceived linkages between them, but it is clear that there are strong associations between environment and climate change and food security and agriculture. Moreover, weak capacity is widely recognised as a significant contributor to underdevelopment in all areas and is highlighted as a major factor in constraining developing countries’ efforts to address food security and environment and climate change issues.

1.5 Conclusions

8. The inclusion of special themes within the peer reviews has not yielded the intended learning outcomes. In light of this experience the DAC has decided to omit special themes from peer reviews for the biennium 2011-2012. These limitations notwithstanding, the learning from the three themes selected by the DAC for biennium 2009-2010 may be summarized as follows.

Capacity Development

Individual donors: good practice

- Focus on how to ensure *all* activities, including technical co-operation, contribute to transformative capacity development, by integrating or mainstreaming capacity development objectives into wider programmes and by improving the measurement of capacity development outcomes.
- Make additional efforts to improve co-ordination of technical co-operation with partner countries, with other donors and internally, in line with the Paris Declaration.
- Wherever possible, make more use of local and regional resources to deliver technical assistance, training and scholarships and support south-south co-operation efforts.
- Evaluate the development benefits and value for money of scholarship programmes, particularly those for study in donor countries, and adjust such spending accordingly.

To the DAC

- Continue to use peer reviews to identify, examine and highlight good practice amongst DAC members in supporting capacity development, particularly by focusing on the capacity development priorities in the aid effectiveness agenda, such as co-ordination, use of country systems, local resources, south-south co-operation and how to tailor support in fragile situations.
- Facilitate north-south learning on capacity development, particularly in preparation for the fourth high level forum on aid effectiveness.

Environment and Climate Change

To individual donors: good practice

- Ensure that the concern for addressing environmental protection and climate change has a strong legal basis which reaches beyond the development co-operation ministry or agency. Addressing this in development co-operation benefits from a whole-of government approach.
- Ensure that development policies recognise not only climate change, but also environmental protection (sustainability) as closely linked with poverty and humanitarian emergencies. Ensure that environmental protection remains a key priority in donors' development programmes and is not 'crowded out' by concerns about climate change.
- Ensure that environmental considerations, including climate change and disaster risk reduction, are mainstreamed in development co-operation. Build on existing tools and methods such as EIA and adapt them to assess climate change and disaster risk reduction, rather than creating new instruments.
- Ensure not only existence of, but also compliance with, EIA procedures. Define and ensure a clear follow up process after the possible impacts of a programme have been assessed.

To the DAC

- Support work that helps donors integrate different tools to mainstream environment, climate change and disaster risk considerations into one joint tool.

- Share existing good practice and tools that facilitate the integration of SEA and EIA in development co-operation, such as handbooks and training programmes.
- Co-ordinate approaches that aim to enhance the capacity of the public or private sector in partner countries in relation to the environment, climate change and disaster risk reduction.

Food Security and Agriculture

To individual donors supporting food security and agriculture: good practice

- Strengthen analytical capacity and ability to formulate sector policy on agriculture, rural development and food security, and ensure that instruments for supporting development in the agriculture sector are co-ordinated and that their use creates synergies in the field.
- Put in place a clear strategy for agriculture, emphasising its contribution to food security, poverty reduction and pro-poor growth, that respects the principles set out in the DAC guidance on pro-poor growth and agriculture and effectively integrate the DAC guidance within all programmes and projects.

To the DAC

- Continue to support joint work by OECD and FAO to analyse agriculture, food prices and global food security and develop coordinated responses to these issues.
- Identify, document, validate and disseminate good practice of donor support to agriculture, rural development and food security and formulate improved guidance on how best to support the agricultural sector.

2. CAPACITY DEVELOPMENT

2.1 Introduction

9. This section summarises the key findings of the 10 peer reviews conducted in 2009-2010 which examined how DAC members are addressing capacity development. As noted in the overview section of this report, capacity development was maintained by the DAC as a mandatory topic for 2009-2010. The continued prioritisation of the issue follows on from the Accra Agenda for Action (OECD, 2008) which strongly emphasises the importance of capacity for effective development and partner country ownership. Capacity is understood as “the ability of people, organisations and societies to manage their affairs” and capacity development as a process in which “people, organisations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time” (OECD, 2006). While donors can and do support capacity development, this is usually a partner-led process. Successful capacity development reduces the role of external assistance in the long term and, therefore, should be a basic objective of all development co-operation. It can also be an indicator of successful development.

2.2 Peer review findings

10. The issues from the peer reviews in respect of capacity development are summarised in Annex B. This synthesis draws together the findings under two headings: policy and practice. The section dealing with *practice* also includes a consideration of the reviewed members’ responses to the Accra Agenda for Action’s prioritisation of capacity development.

2.2.1 Policy

11. The majority of donors reviewed do not have a specific and comprehensive capacity development policy. Some highlight the importance of the issue within their main policy documents. Japan for example, places capacity development at the heart of its overarching *ODA Charter*. Portugal similarly underlines the concept in its overall *Strategic Vision*. Austria’s legal *Act on Development Co-operation* cites the importance of the topic as does Switzerland’s development co-operation law and more recent *Bill for the South*. Capacity development is mentioned in one of the UK’s White Papers in the context of state capability and accountability. Of those reviewed, only Sweden had published, in 2000, a policy paper specifically on capacity development. Many had other, less binding, documents which set out their understanding of the issue. For example, Switzerland has produced a detailed working paper. Germany had drafted but had not approved a discussion paper, and Italy was planning to produce a basic concept note. The reviews of Belgium and the UK noted the absence of a strategic policy framework for capacity development, despite both donors being strongly committed to the concept. In the case of Germany, the peer review observed that the various agencies and ministries involved did not share a single vision or strategy for capacity development, but rather developed their own different approaches.

Operational guidance for capacity development

12. Some donors have developed tools to guide interventions aimed at supporting capacity development. For example, Japan and Sweden had manuals or tools designed to help staff at the operational level and Portugal had recently introduced such operational guidance. Germany has produced guidance on the issue specific to the education sector. For those donors for whom technical co-operation is

a major component of what they do, the focus of any guidance tends to be on using this tool. The challenge many face is ensuring the guidance helps staff to ensure technical co-operation leads to capacity development. In addition, some reviews highlighted a general lack of guidance, even in cases where theoretical commitment to the theme was strong, for example in the cases of Switzerland and Austria.

Understanding of capacity development

13. The majority of those reviewed have internalised a three-layered understanding of capacity development in their policy or guidance documents. They acknowledge the importance of capacity at the level of (i) the individual, (ii) the organisation, and (iii) of the enabling environment. This in itself indicates a shift in thinking amongst some donors which reflects the international consensus on the importance of a multilayered approach. Certain donors tended to place emphasis on one layer more than another, for example Switzerland emphasised the importance of institution building, while also acknowledging that supporting individuals and removing barriers to create an enabling environment are also important. Portugal had recently also sharpened its focus on institution building to help shift away from a traditionally strong focus on individuals. The UK's political economy based *Drivers of Change* analysis looked at the enabling or restricting environment for capacity development. Its *Country Governance Assessments* assess state capacity, though not in depth, and draw attention to the importance of it for the wider programme.

14. Overall, the focus of policy and guidance on capacity development tends to be on partner governments. For the UK, for example, the focus is very strongly on supporting state capacity. Some donors also emphasise the importance of capacity in the private sector and civil society. Notably, Italy, Sweden and Switzerland highlight the importance of civil society capacity.

2.2.2 Practice

15. The ten peer reviews highlight variation in how donors were approaching capacity development in practice. Nevertheless, six broad challenges can be drawn out: (i) closing the gap between policy and practice; (ii) ensuring technical co-operation leads to sustainable capacity development; (iii) the usefulness of focusing on a sector or theme; (iv) the need to improve co-ordination; and (v) the progress and gaps in responding to the specific capacity development priorities identified in the Accra Agenda for Action.

The gap between policy and practice

16. For those few donors that have a good strategic framework for capacity development most have yet to fine-tune their practices, indeed there is often a time lag between putting a strategy in place and a change in practice. For example, the reviews of Japan, Sweden and Portugal all identified a need to close the gap between policy and practice. In some cases introducing operational guidance is helping to close the gap (Japan, Portugal). For donors that have not yet developed a strategic framework but are very active in trying to build partner capacity, the good practice is not being drawn together at a strategic level to ensure it is systematised. For example, in Germany and Belgium some excellent practice exists alongside less successful interventions. The reviews suggested that a single strategic framework, or using the good practice cases to illustrate a single set of practical guidance, might improve overall outcomes.

17. All donors face the challenge of integrating capacity development objectives into their projects and programmes. This was noted in particular in the reviews of Sweden, Switzerland and the UK, all of which consider the theme to be a cross cutting issue or challenge. Some reviews made practical suggestions to help donors to ensure the issue is an integral component of all projects and programmes. For example, requiring all project appraisal documents to make clear how capacity will be developed and including specific capacity development objectives in the monitoring and evaluation framework and in the terms of reference for implementing partners. A minority of the members reviewed have a small unit or

single staff member with responsibility for mainstreaming the theme (Sweden, Switzerland) while others are focusing on encouraging all project design staff to think about the issue (Germany, Portugal).

From technical co-operation to sustainable capacity

18. Many donors see technical co-operation as their main tool to support capacity development. This tool includes technical assistance, training and scholarships. However, as the reviews of Germany and New Zealand emphasised, capacity development goes beyond technical co-operation and a mix of modalities can be helpful. Many donors find it challenging to ensure that their technical co-operation actually leads to the development of capacity rather than gap filling, or creating dependency. Some of the reviews call on donors to ensure their approach is more demand driven. Supply driven approaches frequently fail to support capacity development effectively, especially where they are not based on a good understanding of the local context and systemic constraints. Most donors acknowledge this challenge and some have taken steps to become more demand driven. For example, Germany's Ministry of Economic Cooperation and Development (BMZ) has switched from tasking its agencies with specific projects to identifying objectives and indicators and then leaving the agency and partners to identify the best tools to deliver against those objectives, helping them to focus on capacity building results rather than the outputs of individual projects. Drawing on local expertise can also help enhance the understanding of the local political economy and constraints. Switzerland has focused on using local or regional expertise and contributing to its development. Japan has focused on trying to improve the measurement of the outcomes of technical co-operation, rather than focusing on immediate outputs, linking these projects with its other activities.

19. While most donors now acknowledge the risks of providing international scholarships – notably inequitable distribution of aid resources, poor development outcomes and brain drain - there is variation in the extent to which they have reformed their practices. Some reviews noted contradictions between scholarship programmes and partners' or donors' development priorities, particularly where the development activities and scholarships are implemented by different parts of government (Belgium, Germany, New Zealand). Some donors – such as Austria, Portugal and New Zealand - have conducted evaluations of their scholarship programmes. Such evaluations have proposed, respectively, a greater focus on needs in deciding on what to provide scholarship for; a shift towards supporting people to study in their home countries; the need to co-ordinate scholarships with country programme strategies and with other scholarship providers. Other donors with large scholarship schemes should examine whether their schemes make an effective contribution to development goals and if they provide value for money.

Focusing capacity development efforts

20. In most cases, the reviews commended donors that had succeeded in focusing their capacity development efforts in a particular sector or area where they had experience. This helped some donors to establish a reputation of expertise by building on an existing comparative advantage and is particularly useful for small donors. Examples include disaster risk reduction, which has been a focus for both Japan and Switzerland. Switzerland has also linked its capacity development efforts in public financial management to its programme to repatriate stolen funds to source countries. Austria focuses on private sector development and decentralisation; particularly useful since the areas tend to be less well covered by donors in general. Most of those donors involved in budget support have supported capacity development in public financial management, including in audit (Sweden) support in developing medium term expenditure frameworks (Switzerland) and revenue mobilisation and management (the UK).

Improving co-ordination

21. Almost all donors reviewed in this period could improve the extent to which they co-ordinate their capacity development efforts with partner government priorities, with each other and even internally.

In particular, co-ordination of technical co-operation remains a challenge. Although eight of the ten reviewed donors have increased the proportion of their technical co-operation which is co-ordinated on 2005 figures (based on data from 34 partner countries) only four of the ten had met the Paris Declaration target of 50% when the last survey was conducted (54 partner countries). There is no correlation between levels of co-ordination by this measure and the extent to which technical co-operation was a favoured modality. Those countries with the furthest to go in co-ordinating their technical co-operation included Portugal, Belgium, Austria and Switzerland. Some of the reviews also call for more joint assessments of capacity, or support to partners to develop their own capacity development strategies (Portugal and Japan). Some countries had had good experiences in such joint assessments, usually linked to a budget support mechanism. At the internal level, some donors struggle to ensure co-ordination between technical co-operation projects and other activities. Three interesting cases show progress in addressing this. In Japan, technical co-operation and loans are now the responsibility of the same agency. Meanwhile, Germany recently introduced joint programme proposals, which should permit financial and technical inputs to be linked. Portugal has improved co-ordination by ensuring that line ministries require co-financing and approval from the development institute to conduct their technical co-operation projects.

Responding to the Accra Agenda for Action's prioritisation of capacity development

22. The Accra Agenda for Action highlighted the importance of capacity development in six areas: (i) ensuring integration of capacity development in national, sector and thematic strategies (ii) addressing systematic impediments to local capacity development (iii) assessing strengthening and promoting the use of country systems (iv) demand driven technical co-operation and local or regional resources or south-south co-operation (v) tailoring capacity building in situations of fragility and (vi) enabling local civil society and the private sector to play their role. The peer reviews did not look at each of these issues systematically but made some observations in some of the areas.

23. Some donors choose to develop capacity by using country systems, others by providing specific capacity development support to strengthen the systems prior to use. Five of the ten donors reviewed were channelling over half of their bilateral aid for government sectors through country systems (based on 54 partner countries). While channelling money through country systems can be very supportive of capacity development, there are invariably particular areas that may need additional capacity building efforts before donors are confident in using them. However, some partners have expressed concerns that temporary gap filling measures aimed at enabling the early use of country systems can actually undermine rather than support country systems in the longer term (as noted in the review of the UK).

24. The peer reviews called on some donors to do more to ensure their capacity development initiatives are demand driven and make use of and support local skills, particularly in the case of technical assistance. Belgium, Germany, New Zealand, Japan, and Portugal all have strong technical assistance components within their programmes. All tend to use experts from their own countries. While this may bring in high quality expertise it could risk those donors' ability to support the development of expertise locally or in the region. The value for money of such an approach varies considerably, though it is not likely to be more economical than using local or regional resources. Nevertheless, Japan and Germany, though predominantly using their own expertise were commended for their additional support to south-south co-operation. Meanwhile, peer reviews found that local expertise formed the backbone of Switzerland's capacity development efforts and the UK encouraged local procurement where possible.

25. The Accra Agenda for Action also underlines the importance of tailoring support in fragile situations, but the reviews found that there is significant variation in approach amongst the ten donors reviewed. For many this was a gap in knowledge or thinking which raised alarm bells in the reviews of those countries which intended to increase their engagement in fragile situations. The review of Sweden, Germany and New Zealand all identified this as a gap, particularly in relation to the practical level

understanding and tools for staff. Belgium, Portugal and the UK are highly active in fragile states. Belgium and Portugal use technical co-operation as a main tool there. The UK's support in fragile states is more varied, as one way in which it aims to help build state capacity and legitimacy is through supporting public service provision. In fragile situations in particular, donors need to ensure they "do no harm" to existing capacity or capacity building efforts. Harm can be caused by poaching local staff, overwhelming use of external and short term external consultants as gap fillers, and by setting up parallel and un-connectable systems which undermine state systems. Donors have to balance the imperative to provide basic services in short time frames with the need to support state-building in the medium term. This is an area where the potential for shared learning across all DAC donors and beyond has not yet been fully exploited.

26. Similarly, the extent to which donors are trying to involve non state actors in capacity development or support capacity development outside of government institutions varies greatly. For Portugal and the UK, the focus is very strongly on supporting central state functions and institutions. Austria is more involved in supporting local government with a view to facilitating decentralisation and Italy also works at local government level and Japan also has some involvement in local government support. For Italy, Sweden and Switzerland building capacity within civil society in partner countries is also a feature of their programmes, though it receives far less financial support than governments. Germany emphasises the importance of involving both the private sector and civil society in building public service capacity, for example in the education sector. Switzerland supports private sector development through provision of assistance and advice to private sector groups.

2.3 Conclusions

To individual donors: good practice

- Focus on how to ensure *all* activities, including technical co-operation, contribute to transformative capacity development, by integrating or mainstreaming capacity development objectives into wider programmes and by improving the measurement of capacity development outcomes.
- Make additional efforts to improve co-ordination of technical co-operation with partner countries, with other donors and internally in line with the Paris Declaration.
- Wherever possible, make more use of local and regional resources to deliver technical assistance, training and scholarships and support south-south co-operation efforts.
- Evaluate the development benefits and value for money of scholarship programmes, particularly those for study in donor countries, and adjust such spending accordingly.

To the DAC

- Continue to use peer reviews to identify, examine and highlight good practice amongst DAC members in supporting capacity development, particularly by focusing on the capacity development priorities in the aid effectiveness agenda, such as co-ordination, use of country systems, local resources and south-south co-operation and how to tailor such support to fragile situations.
- Facilitate north-south learning on capacity development, particularly in preparation for the fourth high level forum on aid effectiveness.

3. ENVIRONMENT AND CLIMATE CHANGE

3.1 Introduction

27. This third chapter of the synthesis report summarizes the key findings of six DAC peer reviews (Austria, Germany, Japan, Sweden, Switzerland and the United Kingdom) conducted in the 2009-2010 biennium which examined how donors adapt their development co-operation to address environmental degradation and climate change. Its main conclusion is two-fold. At the policy level, concerns about development and climate change are best treated as part of a larger effort to address general environment and sustainability issues in development policy, and mainstreamed with, not in place of, environmental procedures. At the operational level, it is important that such efforts build the capacity in partner country institutions to deal with environmental issues, are tracked by using policy markers, and harmonised with the donor's environment ministry.

28. The DAC decided to examine this topic because policy makers recognise that the negative impacts of environmental degradation and climate change are affecting poor people disproportionately. Development co-operation has a special role to play in addressing the causes and effects of both issues, as environment and climate are affected by development policy choices, and in turn their degradation threatens development objectives. The OECD DAC aims to assist countries to implement effective and efficient policies to address environmental degradation and climate change. It recognises that “*response, adaptation, mitigation and protection strategies addressing global environmental challenges have to be consistent with [...] national development objectives and vice versa. This requires integrating these strategies into the national development agenda*”.⁵ ‘Integrating’ climate change and environment in partners’ and donors’ programmes means ‘mainstreaming’ – or including such concerns into the decisions and institutions that drive policy, rules, and programmes, making it part of the agenda of key ministries and agencies entrusted with planning and budgeting.

29. To facilitate the development and implementation of effective policy, the DAC has put some key tools at the disposal of its members. The most important are the *Policy Guidance on Integrating Climate Change into Development Co-operation* (OECD, 2009), the *DAC Guidelines on Integrating the Rio Conventions into Development Co-operation* (OECD, 2002), and the *Best Practice Guidance on Applying Strategic Environmental Assessment* (OECD, 2002). Guidance is also provided through the *Paris Declaration on Aid Effectiveness* and the *Accra Agenda for Action*, which note the importance of sound environmental management for poverty reduction and development. The documents also emphasize that donors need to harmonise their approaches to tackling global environmental issues such as climate change, desertification and loss of biodiversity. To complement its policy guidance, the DAC has developed statistical tools that help track donors’ financial support related to their commitments. The “Environment Markers” have become a mandatory part of the DAC Creditor Reporting System since the 1990s; the “Rio Markers” since 2008. The DAC is working to improve the quality of donors’ reporting against these markers.

5 OECD/DAC Guidelines: Integrating the Rio Conventions into Development Co-operation, Paris, 2002, p.22

3.2 Peer review findings

30. The six peer reviews reveal some important lessons at the level of policy and practice which are summarised in Annex C and discussed below.

3.2.1 Policy

31. Addressing environmental protection and climate change in development co-operation is most effective when done as part of an effort that involves the whole government, with the intention to address these concerns in all policies of domestic and international reach. It helps when the national legal framework for environment, climate change, or sustainable development covers the importance of addressing those issues in developing countries as well. Good practice for this was seen in Germany's legislative framework for climate change, Austria's *Strategy on Sustainable Development* as well as its *Umweltsförderungsgesetz* (Environment Law), and Switzerland's constitutional commitment to sustainability. These countries have institutional elements that bode well for whole of government approaches to environment and climate change. Under its legal framework, Germany has an inter-ministerial group on climate change adaptation which also has an international dimension. In Austria, several ministries together are mandated to implement the Environment law. In Sweden, climate change and environmental impacts have been identified as one of six overarching "global challenges" and as whole-of-government concerns (2008). Few DAC members have taken such steps towards policy coherence for climate change and the environment.

32. It is important to integrate both environment *and* climate change concerns in development policy. All six of the reviewed donors have made environment (sustainability) and/or climate change an important consideration in their overarching development co-operation policy and recognised their close link with poverty. Protecting the environment is a key development objective enshrined in Austria's Development Co-operation law; similarly, Japan's ODA Charter states that environmental conservation and development should be pursued in tandem. Sweden and Germany recognise both environment and climate change as thematic priorities for development co-operation; other donors focus more exclusively on climate change. The Public Service Agreement on Climate Change sets out the UK's domestic and international response to climate change and delineates government actors' roles, including that of DFID. DFID's 2009 White Paper on Eliminating Poverty in turn provides strong focus on climate change. A similar legal framework exists in Germany, where BMZ's Programme of Action on Climate and Development (2007) is linked with Germany's Climate Change Law which also addresses developing countries. For several donor agencies there is a danger that the shift of interest towards climate change reduces attention to other key environmental topics, such as biodiversity (Germany, UK, and Switzerland).

33. The key to mainstreaming of environmental and climate change concerns is the use of, and clear follow-up procedures on, SEA and EIA. An important issue for member states is to have clear guidance on how to mainstream *environment* and *climate change* in their programmes. The key instrument to mainstream environmental concerns at the strategic level is the Strategic Environmental Assessment (SEA), a system of screening policies, plans and programmes for environmental considerations and incorporating them (*good strategy*). The DAC Task Team on SEA has developed guidance on how to apply SEA to development co-operation, but its application is uneven. Austria, Germany, Sweden and the UK are bound to the EU directive on SEA and are therefore required to use SEA in their policy processes. Switzerland and Japan have no national requirement for SEA, both apply it partially. The peer reviews recommended that these countries introduce mandatory SEA. Most countries do, however, ensure environmental mainstreaming at the project design level by undertaking Environmental Impact Assessments (EIA), an assessment of the possible impact—positive or negative—that a proposed project may have on the environment (*good design*). EIA has been made mandatory in Germany, Japan, Sweden and Switzerland for all projects. To determine whether an EIA is needed, most donors conduct some sort of

screening; some conduct it for programmes beyond a certain size (in DFID environmental screening is mandatory for all programmes over GBP 1 million). Japan publishes the result of its screening on JICA's website and allows the public to react to it within 30 days. The difficulties lie in making sure that EIA requirements are indeed complied with, as the review of Sweden pointed out, and to ensure a clear follow up process after the possible impacts have been assessed – an issue identified in the review of Japan.

34. It is important to move towards one integrated instrument for mainstreaming environment, climate change and disaster risk. A more recent concern has been how to mainstream *climate change* aspects, a subset of environmental issues, in development co-operation. Among the reviewed members, Switzerland and Germany have been at the forefront of this. Switzerland has begun to use the Community Based Risk Screening Tool – Adaptation and Livelihoods (CRiSTAL) to screen projects on their impact on the climate, as well as the impact of climate change on them. Both Sweden and Germany are in the process of integrating climate change analysis (or, in Germany, the “climate check”) into existing analytical tools for EIA at the policy and programming level. The UK and Japan have no guidance or tool to mainstream climate change aspects, and the peer review recommended that the UK incorporate climate change and disaster risks into its environmental screening. How to mainstream *disaster risk* considerations in development policies is a third question that came up in several of the peer reviews. The goal, agreed at the Hyogo Conference in 2005, is to build partners' resilience to hazards. Both Germany and Switzerland link disaster risk reduction and management with poverty and have already built such assessments into their co-operation programmes in partner countries affected by natural disasters. JICA offers training on disaster prevention and management to partner country government officials, institutions at the regional level, community groups and NGOs; sometimes jointly with other organisations such as the Asian Disaster Reduction and Response Network. Austria does not yet address disaster risk reduction through its humanitarian or development framework.

35. Donors have developed various tools to mainstream these issues and could share them. Peer reviews revealed several good practices with regard to mainstreaming environmental and climate change aspects across programmes. Most donors state that it is the partner country's responsibility to undertake SEA/EIA, and shape their co-operation in a way as to support this. Tools to facilitate the implementation of mainstreaming include Japan's guidance on implementing EIA and SIDA's handbook for project officers on how to support partners in undertaking SEA / EIA. Germany has developed (2006) and delivered training to apply SEA to the staff of its development agencies and their partners. All of these are positive efforts, on which donors could work jointly in the interest of efficiency.

3.2.2 *Practice*

36. It is important to develop a strategic approach to building partner countries' capacity on issues related to the environment and climate change. All reviewed countries emphasize that their efforts on environment and climate change aim at improving local capacity on these issues. They mainly support capacity in the *public sector*, such as environment ministries and agencies. Austria supports partner governments in drafting legislation on climate change adaptation; Sweden supports governments (e.g. the Ukraine) in formulating and implementing EU harmonised legislation and regulatory frameworks for environment and climate change. Germany trains local partners in using DAC Good Practice on applying SEA (2006) and on DAC Policy guidance on integrating climate change adaptation into development co-operation (2009). Austria and Switzerland help partners to prepare themselves to become hosts for CDM projects; Japan and Switzerland build capacity for disaster reduction and management in partner countries. Fewer donors build the capacity of the *private sector*. Switzerland has established information centres where small and medium-size enterprises can learn about sustainable production, and helps producers conform to labels for clean production. The peer reviews recommend that donors take a strategic approach to building capacity for environmental protection and climate change issues. This could also imply a

division of labour among donors. The *Guidance on Capacity Development for Environment*, currently under development by the DAC's Network for Environment, will provide proposals on how to do this.

37. Policy markers should be used consistently to track funding and to avoid under-funding "orphan issues". Donors have committed to assess their aid activities against the impact they are likely to have on the environment and climate change. They must mark related flows in the ODA statistics they submit to the OECD. The DAC has introduced several mandatory policy markers to that effect: the 'aid to environment' marker in the mid-1990s, and the Rio Markers in 2007 (biodiversity, climate change mitigation, and desertification); a new policy marker for adaptation was added in 2009. The peer reviews have found that while Switzerland and Portugal do not report on the environment marker yet, all six donors reported on the Rio markers. Climate change mitigation is the objective that receives most funding (and at a rapidly growing rate). Biodiversity typically follows this in second place, while funding marked to address desertification is comparatively low and growing only slowly. An exception is Switzerland, where more funding is reported for biodiversity than climate change mitigation. In general, practice reflects policy: donors commit more money to climate change related activities than to activities related to environment concerns more generally. This is what led the UK to advocate for a limit of 10% on the amount of ODA spent specifically on climate change activities. It is important that donors use the markers consistently, and avoid that some issues are neglected.

38. Ensuring competence on both environment and climate change in development co-operation is a precondition for mainstreaming. The level of such expertise and the institutional setup through which it is provided diverges widely among the six donors reviewed. They mainly fall into two categories: some donors rely mainly on in-house expertise and have created specialist climate change research teams inside their development co-operation agency, while others rely on specialists from outside their development co-operation agency. Examples of the first category are JICA with its Global Environment Department established in 2004, DFID's Office for Climate Change established in 2008 and BMZ with its divisions for Environment and Natural Resources and Climate Policy and Climate Financing. In DFID the peer review identified 36 staff that were partly or fully charged with advising on climate change issues and in Germany the peer review noted that there were increased capacities for environment and climate change within BMZ. Germany's development ministry (BMZ) also works closely with the German environment ministry through an MoU. With regard to the second model, development co-operation agencies with no in-house capacity on environment or climate change tend to rely on their nation's environment ministry or on universities. In Sweden, for example, SIDA commissioned two helpdesks, for EIA and environmental economics, at the University of Gothenburg to help integrate environmental perspectives into Swedish development co-operation). Another source of expertise and exchange of information are staff networks, such as the ones created in Sweden. While both models can work well, peer reviews have found that three points are crucial with regard to expertise: First, it is crucial that agencies retain access to expertise on both environment and climate change. There is currently a danger that aid agencies replace their environment experts and focus solely on climate change expertise. Secondly, in both setups, mainstreaming hinges on the awareness of the agency's staff on environment and climate change, both at headquarters and field level. Raising this awareness, for example through training, is therefore essential. And finally, it is important that the development agency can channel the operational knowledge it has gained in developing countries on these issues to its Environment Ministry so that they can inform international negotiations.

3.3 Conclusions

To individual donors: good practice

- Ensure that the concern for addressing environmental protection and climate change has a strong legal basis which reaches beyond the development co-operation ministry or agency. Addressing this in development co-operation benefits from a whole-of government approach.

- Ensure that development policies recognise not only climate change, but also environmental protection (sustainability) as closely linked with poverty and humanitarian emergencies. Ensure that environmental protection remains a key priority in donors' development programmes and is not 'crowded out' by concerns about climate change.
- Ensure that environmental considerations, including climate change and disaster risk reduction, are mainstreamed in development co-operation. Build on existing tools and methods such as EIA and adapt them to assess climate change and disaster risk reduction, rather than creating new instruments.
- Ensure not only existence of, but also compliance with, EIA procedures. Define and ensure a clear follow up process after the possible impacts of a programme have been assessed.

To the DAC

- Support work that helps donors integrate different tools to mainstream environment, climate change and disaster risk considerations into one joint tool.
- Share existing good practice and tools that facilitate the integration of SEA and EIA in development co-operation, such as handbooks and training programmes.
- Co-ordinate approaches that aim to enhance the capacity of the public or private sector in partner countries in relation to the environment, climate change and disaster risk reduction.

4. FOOD SECURITY AND AGRICULTURE

4.1 Introduction

39. In almost all developing countries food prices and food insecurity⁶ increased significantly during 2007 and early 2008. In some cases, prices more than doubled, and in a few countries there were absolute scarcities of foods available on local markets.⁷ Food prices are expected to stay well above historical levels for some time to come and food insecurity is persisting. As noted by aid ministers at the 2008 DAC High Level Meeting (HLM), this is endangering the growth and poverty reduction prospects of many poor countries. The DAC therefore considers agriculture, high food prices and donor responses a fast evolving priority and decided that for the 2009-2010 biennium it should be one of two options for special topics in all peer reviews.

40. This final chapter of the synthesis report therefore summarizes the key findings of three DAC peer reviews (Belgium, Italy and New Zealand) conducted in the 2009-2010 biennium which examined how donors have responded to the global issue of high food prices. In particular, these three peer reviews looked at how DAC members have adapted their development co-operation to address food security and agriculture. In the light of persistent and growing food insecurity, the DAC is keen to give new impetus to agriculture, a key sector where donor involvement is clearly difficult. Moreover, the Joint Statement on Global Food Security (“L’Aquila Food Security Initiative”) endorsed by the G8, international organisations and many developed and developing countries in 2008 commits the donor countries to increasing aid to agriculture and food security by USD 22 billion over three years (2009-2012). G8 nations have been slow to fulfil the pledges on funds to promote food security, but at its latest meeting in Korea (November 2010), the G20 endorsed the priority of food security in the *Seoul Development Consensus for Shared Growth*. There has also been renewed engagement of G8 and G20 countries in the Committee on World Food Security (CFS) and this body is being reformed so that it can fully play its vital role in the area of international coordination of food security and nutrition. Donors are therefore showing signs that they will give agriculture and food security a higher development priority in the future and appear ready to invest.

Complementary OECD work on high food prices

41. The 2009-2010 peer reviews were expected to complement and draw on work concurrently being undertaken in the OECD horizontal project on high food prices. This work is being co-ordinated by the Development Co-operation Directorate (DCD) and the Trade and Agriculture Directorate (TAD) which is reviewing OECD knowledge on effective policy actions on how to tackle high food prices. The peer reviews were also expected to draw on the work of OECD (TAD) and FAO in analysing the causes of high food prices. This work is still on-going, but the main conclusions to date are that the developing countries and the international donor community responded strongly to the food crisis of 2007 and 2008. Some of those efforts have been sustained and expanded to deal with the consequences of the subsequent economic crisis, focusing increasingly on the longstanding problem of food insecurity (rather than the narrower problem of high food prices). Bilateral donors, multilateral agencies and development banks emphasise

6. The World Food Summit of 1996 defined food security as existing “when all people at all times have access to sufficient, safe, nutritious food to maintain a healthy and active life”

7. IFAD, 2010 at <http://www.ifad.org/operations/food/index.htm>

safety nets for emergency short term relief and investment in agriculture to assure adequate food supplies in the longer term. National governments focus on policy measures that in many instances seek more broadly to protect consumers from high international prices. The OECD and FAO work has identified several lessons that have been learned in respect of safety nets, market interventions and agricultural development and poverty reduction and individual donors and the DAC could benefit from making use of these.

4.2 Peer review findings

42. The sample size for this synthesis report is extremely small. In the case of New Zealand this DAC member elected a narrower definition of the theme and its peer review focused on support for fisheries only. The approach taken in the peer reviews for Belgium and Italy was to examine donor policies and financial allocations in the light of what DAC guidance suggests on how to support agriculture to maximise impact on poverty reduction. These peer reviews also examined how to deliver such aid programmes in ways that implement the aid effectiveness principles of the Paris Declaration. Consideration was also given to how the reviewed donors are promoting the development and implementation of the global partnership on agriculture and food called for in the Accra Agenda for Action to respond to the food crisis. For learning purpose, the peer reviews also looked at the extent to which the reviewed donor has specifically integrated the food prices issue into its agricultural sector activities.

43. Under the headings of first policy and, second, practice a synthesis of the key findings to emerge from the peer reviews in respect of food security and agriculture is presented below. More detailed information on the status of the theme within the three DAC member systems can be found in Annex D. In the final section some conclusions are presented for individual donors supporting food security and agriculture and for the DAC.

4.2.1 Policy

44. In all three cases, other components of the donors' policy framework (e.g. economic growth, governance, capacity development, infrastructure and rural development) are appropriately cross-referenced with the donors' stated objectives in the agriculture and food security sector. The emphasis in the three peer reviews is on the donors' policies in regard to support to agriculture and there is little discussion of the donors' assessment of the present food prices situation in terms of their own policy orientation. However, the peer reviews also cover the donors' support for income growth and poverty reduction which have impacts on the affordability of food. The main conclusion to be drawn about policy on the basis of the peer reviews is that the three donors see support for income growth, poverty reduction and agriculture as the most appropriate donor response to the food crisis in the medium term and the best approach to improve food security and stimulate increased supply and productivity in developing country agriculture. All three donors emphasise in their policies and strategies the importance of investment in agricultural productivity.

45. Of the three donors, only Belgium has put in place a clear strategy for agriculture that respects the principles set out in the DAC guidance on pro-poor growth and agriculture (2006). Belgium's strategy for agriculture and food security aims to (i) align Belgian support to agriculture with partner countries' own programmes; (ii) strengthen the capacity of agricultural actors; and (iii) improve access for small producers to production inputs, services and markets. At the time of its peer review Belgium was developing a new strategy for agriculture in the light of findings from a recent independent evaluation – the new strategy will more effectively integrate DAC guidance on pro-poor growth and agriculture, provide better operational guidance and support coordination among actors. In revising its strategic note for agriculture and food security, Belgium was advised by its peer review to state explicitly what capacity, competence and instruments it can offer to its partner countries, and ensure that they are linked together.

46. In the case of Italy, which, like Belgium, is an experienced donor to agriculture, this country does not have a separate policy or strategy for agriculture and food security but it has made these a high priority in its 2009-2011 Programming Guidelines and Directions, particularly in the light of the commitments it made as part of the L'Aquila Food Security Initiative. Within the framework of these guidelines and directions Italy prioritises agriculture investments and support for the Rome-based international institutions: the United Nations Food and Agriculture Organisation (FAO), the International Fund for Agricultural Development (IFAD) and the World Food Programme (WFP). All three countries responded quickly to the 2008 high food price crisis but in different ways. Belgium immediately adopted plans to scale up its aid to agriculture in the medium term while Italy worked closely with the FAO, IFAD and WFP and was instrumental in facilitating the "L'Aquila Food Security Initiative". Italy's preparation of strategic guidelines for agriculture as part of its Aid Effectiveness Action Plan was particularly welcomed by its peer review, and should help Italian Co-operation to manage and plan more strategic interventions in this sector.

47. Like Italy, New Zealand does not have a separate policy or strategy for agriculture and food security but it has made these a high priority in its 2008 policy on *Economic Growth and Livelihoods* which outlines its approach to promoting pro-poor economic growth. This policy emphasises improving food security through increased productivity and availability of key food crops and reduced vulnerability and improved responses to emergency situations.

4.2.2 Practice

48. While each of the three reviewed DAC members prioritise agriculture and food security in their policies, this commitment is not yet translated into higher than the DAC average levels of aid to the sector. In each of the three cases regional distribution of aid to agriculture seems to follow the same pattern as the donor's aid generally. In the case of New Zealand and Italy aid to agriculture is spread evenly across all their regional and country programmes. Belgium's aid is concentrated on the Great Lakes Region of Africa and its aid to agriculture follows suit. In all cases, the donors' aid to agriculture is context specific: thus, for example, Italy supports fruit cultivation and the production of olive oil in the Near and Middle East and rural development, irrigation and combating desertification in sub-Saharan Africa.

49. Agriculture and food security are priority areas for Belgium's development co-operation in 11 out of its 18 partner countries and Italy too prioritises the sector in several of its partner countries. As a long-term response to the food crisis, Belgium aims to direct up to 10% of its total ODA to agriculture, rural development and food security by 2010 and 15% by 2015. Its short-term response has been to increase its emergency food aid significantly. Belgium's support to agricultural development focuses on institution building and empowering stakeholders, in line with the DAC guidelines on pro-poor growth and agriculture. Belgium is a significant contributor to agriculture in a number of its focus countries. In Rwanda, its aid accounts for 60% of total DAC members' aid to the sector and 56% in Burundi. Italy is also a leading donor to agriculture in some of its partner countries. Both countries are therefore in a good position to lead donor harmonisation in the agriculture sector in some of their focus countries. A next step would be to ensure that the various instruments used by the two countries all work in co-ordination. Greater synergies among the various instruments used by both Belgium and Italy would make their aid for agriculture and food security more effective.

50. Italy is considered a consistent and reliable partner in the multilateral agricultural system. Besides hosting the FAO, IFAD and WFP, Italy is one of the most important contributors to all three institutions. These Rome-based organisations report that they have excellent and regular contacts with both the Italian and Belgian administrations. However, they also report that wide annual fluctuations in Italian ODA in particular make extra-budgetary funds allocated by this donor difficult to predict. Extra-budgetary and multi-bi priorities are negotiated regularly at central or at country level, but are sometimes prone to

unforeseeable policy changes which may be in response to requests from the relevant organisations. In addition, voluntary contributions to trust funds often require separate financial and operational reports for Italian Co-operation, but they are not used for institutional dialogue or learning.

51. NZAID undertook two key pieces of policy analysis as a direct response to high food prices. The first worked with other related government agencies to develop and gain approval for a single cross-government policy response to high food prices. This document informed New Zealand's positions taken in a wide range of fora including the UN, Rome Food Prices Summit, APEC, OECD, Pacific Forum, and in donor co-ordination meetings. During 2008, NZAID invested approximately NZD\$13m in funding for agriculture related to the food crisis, including work to reduce post-harvest losses in Timor Leste and increased support for the Consultative Group on International Agricultural Research (CGIAR) Challenge Programme on Water and Food and an additional one-off contribution to the WFP. Alongside such funding increases, NZAID has stepped up its policy engagement to seek stronger needs and market assessment and tailoring of responses to need. This would include greater consideration of the role of cash and voucher transfers as opposed to an assumed food aid response.

52. Italy is well resourced with expertise in agriculture with six experts in its Central Technical Unit, three in its Local Technical Units and 45 staff at the Istituto Agronomico per l'Oltremare (the specialist agricultural institute of the Italian Ministry for Foreign Affairs). Belgium too is relatively well resourced with expertise in agriculture and food security. These two DAC members may be exceptional in having in-house staff with thematic competence to effectively pursue issues related to agriculture and food security.

4.3 Conclusions

To individual donors supporting food security and agriculture: good practice

- Strengthen analytical capacity and ability to formulate sector policy on agriculture, rural development and food security, and ensure that instruments for supporting development in the agriculture sector are co-ordinated and that their use creates synergies in the field.
- Put in place a clear strategy for agriculture, emphasising its contribution to food security, poverty reduction and pro-poor growth, that respects the principles set out in the DAC guidance on pro-poor growth and agriculture and effectively integrate the DAC guidance within all programmes and projects.

To the DAC

- Continue to support joint work by OECD and FAO to analyse agriculture, food prices and global food security and develop coordinated responses to these issues.
- Identify, document, validate and disseminate good practice of donor support to agriculture, rural development and food security and formulate improved guidance on how best to support the agricultural sector.

ANNEX A: PEER REVIEWS INCORPORATING THE 2009-2010 SPECIAL THEMES

	Reviewed Country	Field Visit(s)	Special Issues		
			Capacity Development	Environment and Climate Change	Agriculture, high food prices and donor responses
1.	Austria (2009)	Ethiopia	X	X	
2.	Switzerland (2009)	Albania and Nicaragua	X	X	
3.	Italy (2009)	Lebanon	X		X
4.	Sweden (2009)	Mozambique	X	X	
5.	United Kingdom (2010)	India and Rwanda	X	X	
6.	Japan (2010)	Bangladesh and Kenya	X	X	
7.	Belgium (2010)	Burundi	X		X
8.	Germany (2010)	Morocco and Zambia	X	X	
9.	Portugal (2010)*	Cape Verde	X		
10.	New Zealand (2010)	Vanuatu	X		X*

* Portugal selected an alternative theme of security and development

** Special theme focused on New Zealand's support for fisheries only

ANNEX B: CAPACITY DEVELOPMENT MATRIX

	Policies /Focus Areas	Operational Approaches	Initiatives	Resources
Austria	<ul style="list-style-type: none"> ✓ Austria does not have overarching strategy/ guidance on CD yet. However, CD is mentioned in several policies and strategies (e.g. <i>2003 Federal Act on Development Cooperation</i>). Importance of CD also reemphasised in the <i>2009 ADA Work Programme</i> ✓ Focus areas: decentralisation and strengthening local administrations (e.g. local governments) and private sector cooperation ✓ Lack of strategic thinking on CD in fragile situations 	<ul style="list-style-type: none"> ✓ Lack of consistent operational approach to CD. Staff uses different approaches and methodologies ✓ Still frequent use of PIUs; moderate use of local PFM and procurement system to channel aid ✓ Need to enhance coordination of TC with other donors ✓ 40 years scholarship programme – currently under reform ✓ Need to enhance capacity need assessment (ideally joining efforts with other donors) 	<ul style="list-style-type: none"> ✓ Qualitative criteria on CD developed in 2005, but not yet mainstreamed ✓ Intention to develop operational guidance on CD by 2010 (<i>2009 ADA Work Programme</i>) ✓ 2007: an evaluation of the scholarship programme found it was too much supply-driven; ADA 2088-2010 Programme refer to the intention to reform the scholarship programme 	<ul style="list-style-type: none"> ✓ Neither MFA nor ADA has a unit or dedicated staff dealing with CD ✓ 2008: working group on CD set up in <i>ADA Quality Assurance and Knowledge Management</i> unit to provide CD guidance on better mainstreaming, approaches, methods and tools and feeding lessons learned back into programming ✓ 2007: 10% of ODA delivered under form of TC. 6.3% in scholarship programmes
Belgium	<ul style="list-style-type: none"> ✓ Belgium does not have a finalised overarching strategy/ guidance on CD yet ✓ Most of Belgium development cooperation implemented in fragile situations: call for reflection on how to strengthen capacities in such situations ✓ <i>2007 Harmonisation and Alignment plan</i> calls for pooling funding, joint preparation – with partner - of ToR for TA, avoid funding of TA for project management, strengthening of country systems for TC administration (with the exception of PFM as other donors are focusing on it) 	<ul style="list-style-type: none"> ✓ Main approaches: scholarships, TA, efforts to strengthen country systems ✓ Belgium also grants “study funds” and expert funds” in priority sectors on partners’ requests for CD ✓ Increasingly coordinating TC with other donors. 	<ul style="list-style-type: none"> ✓ Plan to double funding for scholarships 	<ul style="list-style-type: none"> ✓ Newly established Research and development unit in BTC to work on institutional strengthening and developing concept paper ✓ Belgian NGOs formally committee to support CD (2009 Agreement) ✓ 25% of ODA used for TC

	Policies /Focus Areas	Operational Approaches	Initiatives	Resources
Germany	<ul style="list-style-type: none"> ✓ Germany does not have a finalised overarching strategy/ guidance on CD (June 2008 <i>BMZ Discussion Paper</i> not yet approved) ✓ Demonstrated appreciation of CD, especially within the aid effectiveness agenda. Germany fully committed to provided demand-driven CD support, aligned to partner country priorities and based upon a comprehensive analysis of the context. Efforts to use an holistic approach focusing on various levels (strategy, regulatory reforms, institutions, organisations and individuals) ✓ State-building and facilitation of constructive state-society relations at the centre of thinking on CD in fragile situations ✓ CD for emerging economies focused on training and facilitation of peer learning ✓ Efforts to mainstream CD in country and focal area strategies ✓ Emphasis on the need to engage CSOs and the private sector in CD (e.g. in the education sector) 	<ul style="list-style-type: none"> ✓ TC remains dominant modality to support CD; Efforts to make TC more demand-driven (e.g. system of contracting for GTZ to allow for more flexible and adaptable TC provision) ✓ increasingly supporting triangular cooperation and using local and regional expertise ✓ Improved coordination of TC with other donors (e.g. TA pools) ✓ Effort to avoid parallel systems and use country systems, but progress has been slow. Focus on supporting country systems to meet minimum international standards for procurement, PFM, national statistical systems, audit, and delivery of funds. ✓ Introduced "joint programme proposals" to combine financial and TC inputs ✓ Recognition that CD takes time (6-10 years commitments to provide CD support) 	<ul style="list-style-type: none"> ✓ Expected merger of GTZ, INWENT and DED in late 2010 offers an opportunity to harmonise CD visions and approaches. ✓ Various strategies documents developed and efforts to identify CD lessons learnt in key sectors of intervention (e.g. climate, water, education) ✓ In 2009, GTZ issued <i>Capacity WORKS - The Management Model for Sustainable Development</i>. It contains a conceptual models and a list of tools to be used in designing and managing CD interventions. ✓ Has provided strong support to international initiatives such as LenCD and CD Alliance. In 2008 hosted the Bonn workshop that generated the Bonn Consensus on CD 	<ul style="list-style-type: none"> ✓ CD is part of the policy and working agenda of all Directorates and Divisions in BMZ. ✓ CD is a core task of GTZ. ✓ German Development Service (DED) also addresses CD mostly targeting civil society and public and private sector actors. ✓ InWEnt – Capacity Building International is a German training agency. ✓ KfW, the German Development Bank, considers CD measures as a permanent and integral component of financial cooperation
Italy	<ul style="list-style-type: none"> ✓ Italy has shown growing interested on CD, specially since 2009 ✓ Basic concept note prepared in 2009 (<i>Capacity Development and Public Aid for Development</i>). ✓ Need to better define CD priorities and design an operational approach 	<ul style="list-style-type: none"> ✓ TC considered as a priority. Italy has regularly used "traditional" TC tools such as technical experts or training for the enhancement of skills and capacities. It has also used life-long training systems for institutional capacity and the creation of an enabling environment ✓ Strong role of Italian NGOs – they act as intermediaries between DGCS and local civil society and support CD of their local counterparts, including local CSOs and municipalities 	<ul style="list-style-type: none"> ✓ Conducted a survey across UTLs (<i>Local Technical Units</i>) to identify good and bad practices in CD ✓ Plan to develop more detailed guidance on CD in 2010/2011 ✓ Recognition of the need to reduce the number if PIUs ✓ Promotion of triangular cooperation – mainly in Latin America 	<ul style="list-style-type: none"> ✓ Great use of technical experts ✓ 25% of its ODA on scholarships and training ✓ Focal point on CD appointed in 2009 within the Directorate General for Development Cooperation
Japan	<ul style="list-style-type: none"> ✓ Japan does not have overarching strategy/ guidance on CD yet ✓ CD seen the centre of Japan cooperation, which aims at supporting partner countries' efforts to become self-reliant ✓ Emphasis on the importance of contextual analysis ✓ Emphasis on strengthening public sector capacities and functions – including country systems ✓ Shown interest in CD in the area of statistics, evaluation ✓ In principle, support to partner country ownership of CD processes and to <i>bottom-up</i> approaches to learning and knowledge acquisition and adaptation ✓ JICA has some smaller CD programmes involving universities, business associations, and NGOs 	<ul style="list-style-type: none"> ✓ Extensive use of Japanese experts to provide TC in a wide range of sector and thematic areas. Japan has made a great effort to strengthen its knowledge management and its analytical capacity to assess and demonstrate the effectiveness of TC for CD (various studies conducted, participation in joint studies) ✓ Strong support to South-South and Triangular cooperation 	<ul style="list-style-type: none"> ✓ JICA has produced a variety of tools, guidelines and operational manuals ✓ Japan is the focal point on CD within the WP-EFF ✓ 2008: participated in and co-financed a <i>Joint Study on Effective Technical Cooperation for Capacity Development</i> ✓ Cosponsoring the <i>Capacity Development for Development Effectiveness</i> facility (CDDE) since 2009 	<ul style="list-style-type: none"> ✓ 11% of Japan ODA on average spent in TC

DCD/DAC(2011)3/FINAL

	Policies /Focus Areas	Operational Approaches	Initiatives	Resources
New Zealand	<ul style="list-style-type: none"> ✓ New Zealand does not have overarching strategy/ guidance on CD yet; it relies on OECD/DAC definition and approaches of other donors ✓ CD dialogue is taking place at the sector level (education, governance), but limited cross-cutting experience sharing and learning ✓ CD, organisational development, institutional strengthening or training feature in most of New Zealand's activities; but better understanding needed on how to support CD. ✓ To date, main focus on the government sector and, to some extent, on CSOs ✓ Need to address issues related to the use of TA in fragile situations 	<ul style="list-style-type: none"> ✓ Scholarship and training as most important tools used by New Zealand to support CD ✓ TA also extensively used; advisors come from different government departments to be placed in partner country institutions. New Zealand seeks to provide demand-driven, coordinated TA, flexible and adaptable. <i>2010 Aid Effectiveness Plan</i> foresees further action to ensure partners are supported to recruit and manage technical advisors themselves ✓ New Zealand also has some programmes that focus on institutional capacity development (e.g. institutional strengthening programme for the justice sector in Samoa). 	<ul style="list-style-type: none"> ✓ "Friday Forums" are held on an ad hoc basis on CD. ✓ Various evaluations of scholarship and training programmes conducted following a suggestion in the 2005 Peer Review. 	<ul style="list-style-type: none"> ✓ One senior institutional development advisor is responsible, among other things, for CD. Intranet site contains a dedicated section on CD.
Portugal	<ul style="list-style-type: none"> ✓ IPAD recently developed some Guidelines for CD; now facing the challenge to implement them operationally and mainstream CD as explicit objective for all programmes and projects ✓ CD features in many policy documents as one of the key element to achieve Portugal's development priorities ✓ CD is seen as a cross-cutting issue to be integrated into sectors of work; institutional capacity building identified as an objective in all country strategies 	<ul style="list-style-type: none"> ✓ Makes great use of TC, using Portuguese experts (line ministry staff). Gradually shifting from focusing on individual skills to contributing to wider institutional CD ✓ Education sector: increasingly supporting local teacher training and curriculum development (this moving away from sending Portuguese teachers towards supporting education systems) ✓ In general, Portugal should make greater use of local and regional resources to provide TC (for example supporting South-South and Triangular Cooperation). ✓ Only small part of TC coordinated; need to join and coordinate efforts with other donors 	<ul style="list-style-type: none"> ✓ IPAD effort to involve other line ministries to identify exiting cases of good practices and share experiences/lessons learnt on CD ✓ IPAD has evaluated and reformed Portugal scholarship programme to better support local capacity; currently working with Ministry of Finance to evaluate the use of TA in PFM. 	<ul style="list-style-type: none"> ✓ On average, 25% of total ODA spent in TC
Sweden	<ul style="list-style-type: none"> ✓ Political recognition that CD is central to sustainable development. The ultimate goal is "to make development cooperation superfluous in the long run"(2000 SIDA <i>Policy Statement on CD</i>) and "to enhance partner capacity"(SIDA 2008 <i>Guidance on Programme-based Approaches</i>) ✓ Emphasis on the importance of contextual analysis ✓ Priority areas: country systems (PFM), public sector reforms, CD for civil society, CD of research institutions (e.g. universities) ✓ Need of a strategy to address challenges of CD in fragile situations 	<ul style="list-style-type: none"> ✓ Increasingly moving from un-coordinated TC and twinning projects towards more programmatic CD approach. However, SIDA still faces challenges in integrating contextualised CD approach across all its activities (projects and programmes) ✓ Increasingly providing coordinated and aligned TC ✓ Trying to increase results orientation of CD approach 	<ul style="list-style-type: none"> ✓ Produced a series of working paper on CD – including on need analysis and measuring CD. 2006: working paper on <i>rethinking CD</i> for more harmonised and aligned approach in line with Pairs Declaration. ✓ 2005 Manual for CD 	<ul style="list-style-type: none"> ✓ SIDA <i>Department for Methodologies and Effectiveness</i> in charge of CD ✓ 160 millions spent in TC in 2007 (5% of bilateral aid) ✓ SIDA support to research institutions: 7% of SIDA budget
Switzerland	<ul style="list-style-type: none"> ✓ CD seen as a critical component and key principle to achieve development objectives. Seen as a core business in poverty reduction ("help for self-help" concept) ✓ <i>2006 Working Paper on CD</i>. Document describes basic concepts (e.g. different levels of CD: individual, organisations, networks, systems). It does not provide operational guidance, formulate specific goals, nor include thinking on M&E of CD interventions ✓ Focus on building institutional capacities ✓ Lack of corporate operational guidance - need for an overarching strategy on CD to create shared vision and systematically mainstream CD into programmes ✓ Lack of an explicit CD approach in fragile situations 	<ul style="list-style-type: none"> ✓ Good record of TC coordination and use of local expertise ✓ Distinguish between hard (technical and specialised knowledge) and soft capacities (social and communication skills) – different approaches needed. ✓ Some country programmes take a context-specific approach to CD ✓ Uses partner country PFM more consistently than DAC donors on average, often in combination with TA ✓ Great use of local expertise and local staff (TA mostly executed by non-Swiss experts; increasingly locally hired managers are in charge of Switzerland programmes) ✓ Focus as well on strengthening local civil society structures including local NGOs 	<ul style="list-style-type: none"> ✓ Participation in international networks on CD, such as Train4Dev 	<ul style="list-style-type: none"> ✓ SDC unit on CD

	Policies /Focus Areas	Operational Approaches	Initiatives	Resources
United Kingdom	<ul style="list-style-type: none"> ✓ The UK does not have yet an overarching strategy/ guidance on CD to provide a vision on CD and disseminating lessons learnt across the various DFID thematic works ✓ Approach evolved during time: focus on training and individual skills in 60s/70s; on organizations in the 80s; on broader institutional and societal changes today ✓ 2002 DFID Note on CD calls for a mix of interventions at three levels - individuals, organizations, and networks of organizations - and a detailed understanding of the context in which individuals and organizations operate ✓ Focus on CD for the government sector, state capability and accountability (2006 White Paper); more explicit approach to CD in fragile and post-conflict situations defined in the 2009 White Paper ✓ Emphasis on flexible, country-led approaches and on understanding the local context 	<ul style="list-style-type: none"> ✓ DFID has strengthened its approach to capacity assessment at the macro level in the country planning process (<i>Country Governance Assessment</i> tool; <i>Drivers of Change</i> approach to understand political economy); yet, DFID faces challenges in systematically mainstreaming CD into design and implementation of CD into individual programmes or projects ✓ Widespread use of TA personnel as a standard response to CD challenges at the level of programmes and projects. Effort to pool resources with other donors and use partner country procurement systems (<i>How To Note On Providing TC Personnel</i> emphasises partner country leadership and encourages alignment with partner country systems) 	<ul style="list-style-type: none"> ✓ Recognition of the need to focus as well on CD of non-state actors such as Civil Society ✓ DFID 2008-2013 Research Strategy to strengthening developing countries capability to undertake and use research capacity ✓ 2006 Evaluation of DFID TC in Sub Saharan Africa 	<ul style="list-style-type: none"> ✓ DFID Governance Group plays important role in shaping DFID work on state capabilities

ANNEX C: ENVIRONMENT AND CLIMATE CHANGE MATRIX

	Policy	Approaches and screening / mainstreaming tools	Initiatives / Instruments and Modalities	Resources and organisational model
Australia (2009)	<ul style="list-style-type: none"> ✓ Preserving the environment is one of the three legally enshrined key objectives of Development Co-operation. ✓ Absence of an overarching strategy ✓ Minimizing additional greenhouse gas emissions is one of the co-operation principles, according to the Focus paper on climate change ✓ Strategies do not yet address disaster risk reduction (Hyogo) ✓ <i>EU Directive on SEA</i> applies 	<p>Approaches</p> <ul style="list-style-type: none"> ✓ Takes cross-cutting approach to the environment ✓ Takes a targeted (project) approach to address climate change ✓ Operational priorities are not yet clearly defined. <p>Screening / Mainstreaming</p> <ul style="list-style-type: none"> ✓ Uses screening tools to ensure NGOs or partner governments respect environmental sustainability. ✓ Does not yet apply SEA consistently in development co-operation 	<ul style="list-style-type: none"> ✓ Capacity Development for drafting legislation on adaptation and for partners to become hosts for CDM projects (mitigation) ✓ Sponsoring of scientific research relevant to adaptation 	<p>Institutional capacity</p> <ul style="list-style-type: none"> ✓ Specialised capacity in the Ministry (1 staff) and the agency (2 staff) <p>Funding</p> <ul style="list-style-type: none"> ✓ Does not have its own budget line ✓ Most funding flows through NGOs <p>Use of markers</p>

	Policy	Approaches and screening / mainstreaming tools	Initiatives / Instruments and Modalities	Resources and organisational model
Germany (2010)	<ul style="list-style-type: none"> ✓ Climate change law also addresses developing countries. ✓ BMZ has a Programme of Action on Climate and Development (2007) with 10 priority areas. Focus is on renewable energy, adaptation and forest protection. ✓ BMZ sector strategies exist for on environment, natural resource management and biodiversity; those on adaptation and on reducing greenhouse gases are being prepared. ✓ Links DRR and management with poverty reduction; attempts to mainstream DRR in programme/project planning. ✓ Main donor of the Global Facility for Disaster Reduction and Recovery (GFDRR) ✓ <i>EU Directive on SEA</i> applies 	<p>Approaches</p> <ul style="list-style-type: none"> ✓ Cross-cutting approach to both environment and climate change <p>Screening / Mainstreaming</p> <ul style="list-style-type: none"> ✓ Introduced Strategic Environmental Assessment (SEA) in 2009 ✓ Mandatory “climate check” for all new development co-operation programmes assesses (1) climate proofing; (2) emissions saving ✓ Requires EIA (since 1988) for projects with a bearing on the environment. ✓ Intends to merge the ‘climate check’, SEA and EIA tools into a joint Climate and Environmental Assessment at strategic, programme, project levels. ✓ Training to GTZ and partners on OECD guidance on applying SEA and integrating climate change adaptation in development co-operation 	<ul style="list-style-type: none"> ✓ Has introduced the International Climate Initiative (ICI), an innovative funding instrument based on revenue generated by the auction of CO₂ emission certificates, and is designed to fund measures to reduce emissions, adapt to climate change and protect carbon sinks, and qualify as ODA. ✓ takes leadership on REDD+ ✓ Capacity development is at the heart of its work on environment in partner countries 	<p>Institutional capacity</p> <ul style="list-style-type: none"> ✓ Climate protection has become of greater significance and BMZ’s related expenditure has risen by 40% between 2008 and 2009. ✓ BMZ has a division for Environment and Natural Resources and in 2008 created a Division for Climate Policy and Climate Financing and doubled the staff responsible for environment and climate change from 2008 to 2010. ✓ Ministries of Environment and of Co-operation have an agreement for consultation on programmes and projects. <p>Funding</p> <ul style="list-style-type: none"> ✓ Climate change is being allocated significantly more funds than biodiversity and desertification
Japan (2010)	<ul style="list-style-type: none"> ✓ ODA Charter (2003) states that environmental conservation and development should be pursued in tandem. ✓ Medium-term development policy lists mitigation and adaptation, pollution control, waste management, and environmental conservation as high priorities. 	<p>Approaches</p> <ul style="list-style-type: none"> ✓ New single set of guidelines for environmental and social considerations (2010). <p>Screening / Mainstreaming</p> <ul style="list-style-type: none"> ✓ Only partial application of SEA; guidance requires clarification. ✓ JICA projects are pre-assessed for their environmental feasibility before approval, but it is not clear how the identified opportunities and risks are followed up on. ✓ EIA guidance is in place, and EIA is demanded from partner countries, too, where available. ✓ Compliance with JICA’s environmental guidance is verified through audits. 	<ul style="list-style-type: none"> ✓ Capacity development in Disaster Risk Reduction (DRR) ✓ Most environmental funding is provided in the form of loans, and finances large-scale infrastructure. ✓ Cool Earth Partnership, replaced in 2010 by the Hatoyama Initiative, is a large-scale financing mechanism to provide USD 10-11 billion public finance (incl. 7.5 bn ODA) and USD 4bn private finance to support adaptation and mitigation in developing countries and provides good opportunities for synergies among grants, loans and technical co-operation. ✓ 	<p>Institutional capacity</p> <ul style="list-style-type: none"> ✓ Significant financial commitment for Disaster Risk Reduction ✓ JICA has a Global Environment Department (2004) and two divisions within the Credit Risk Analysis dealing with EIA. ✓ JICA established a Climate Change office (2008). <p>Funding</p> <ul style="list-style-type: none"> ✓ Reporting indicates that climate change (11.3% of bilateral ODA) and biodiversity (9.5%) receive more funding than desertification (2.5%).

	Policy	Approaches and screening / mainstreaming tools	Initiatives / Instruments and Modalities	Resources and organisational model
Sweden (2009)	<ul style="list-style-type: none"> ✓ Environment and climate change is one of Sweden's three thematic priorities for development co-operation ✓ Four priority areas: (i) adaptation and resilience, (ii) renewable energy, (iii) environment, peace and security linkages and DRR, and (iv) water. ✓ New, overarching environmental policy to be developed 2009/2010 ✓ <i>EU Directive on Strategic Environmental Assessment</i> applies 	<p>Approaches</p> <ul style="list-style-type: none"> ✓ Approaches environment and climate change both as cross-cutting issues and discrete sectors. <p>Screening / Mainstreaming</p> <ul style="list-style-type: none"> ✓ Made conscious decision to integrate climate change analysis and DRR aspects within existing analytical tools. ✓ EIA is mandatory for all projects, according to Sida regulations, and Sida has produced a handbook to facilitate the use of EIA by partner countries. ✓ Absence of a routine for mainstreaming environmental issues into Sida projects. 	<ul style="list-style-type: none"> ✓ Government established International Commission on Climate Change and Development (2007) that delivered proposals on how to integrate climate change aspects into poverty reduction strategies and development co-operation. 	<p>Institutional capacity</p> <ul style="list-style-type: none"> ✓ No specific climate change unit at MFA ✓ In re-organised SIDA, three teams have responsibilities for environment and climate change. ✓ New staff networks to connect the teams ✓ SIDA is gradually recruiting more staff with environment and climate change competence ✓ SIDA commissioned two helpdesks – for EIA and environmental economics - at University of Gothenburg to integrate environmental perspectives into its co-operation. They provide resource persons, training, and advice. <p>Funding</p> <ul style="list-style-type: none"> ✓ General environmental protection was allocated USD 110 million in 2007. ✓ Climate change related activities were allocated USD 482 million (2009-2011) ✓ Climate change allocations will focus on the most vulnerable countries in Africa and Asia.

	Policy	Approaches and screening / mainstreaming tools	Initiatives / Instruments and Modalities	Resources and organisational model
Switzerland (2009)	<ul style="list-style-type: none"> ✓ Foreign Development Report requires development co-operation to be in line with Switzerland's environmental interests (2007) ✓ Climate change was chosen by parliament as a specific focus of Swiss development co-operation (2008) ✓ Federal requirement for Environmental Impact Assessment (EIA; 1985) ✓ No national requirement for strategic environmental assessment (SEA) 	<p>Approaches</p> <ul style="list-style-type: none"> ✓ SDC, SECO have separate operational strategies on climate change. ✓ In SDC, a shift of interest towards climate change (in emerging economies) has meant that other key environmental topics (especially in LDCs) are receiving less attention and expertise is being lost. <p>Screening / mainstreaming</p> <ul style="list-style-type: none"> ✓ Advanced practice but no consistent instructions to field offices on the standards required for environmental screening of projects. ✓ EIA is applied consistently for SECO's infrastructure projects ✓ Investments must comply with minimum standards established by WB and IFC, including environment and climate change criteria ✓ Mainstreams DRR in its programmes, making it part of project cycle management; has a DRR community of practice network ✓ Applies climate proofing and Community-Based Risk Screening Tool (CRiSTAL). 	<ul style="list-style-type: none"> ✓ Fosters sustainable production among SMEs through use of life-cycle analysis and of labels and international certification for clean and organic production (SECO) ✓ Focuses on multilateral negotiations on the climate regime, an operational focus on adaptation, and mitigation (SDC). ✓ Leading role in integrating disaster risk reduction into development co-operation (SDC) ✓ Capacity development for partners to become hosts for CDM projects (mitigation) ✓ Does not yet report on the desertification marker 	<p>Institutional capacity</p> <ul style="list-style-type: none"> ✓ Two development agencies – SDC and SECO – are involved; SECO's environment focus is mainly in trade and private sector co-operation; SDC's focus is related to vulnerability, land management, and disaster risk reduction. ✓ Federal Office for the Environment has 20 staff dealing with international issues, relying on dedicated SDC (6) and SECO staff (5) for matters related to developing countries. <p>Funding</p> <ul style="list-style-type: none"> ✓ Multilateral contribution is determined through a multi-year Framework Credit for the Global Environment (CHF 110 million / 4 years), funded out of the Federal Office for the Environment. ✓ Bilateral contributions indicate that spending on biodiversity is highest, with climate change funding second, and no reporting on desertification.

	Policy	Approaches and screening / mainstreaming tools	Initiatives / Instruments and Modalities	Resources and organisational model
United Kingdom (2010)	<ul style="list-style-type: none"> ✓ Public Service Agreement (PSA) on Climate Change sets out UK's domestic and international response to climate change and clearly delineates government actors' roles, including that of DFID ✓ 2009 White Paper on <i>Eliminating Poverty</i> provides strong focus on climate change ✓ Risk that the shift of interest towards climate change reduces attention to other key environmental topics ✓ <i>EU Directive on Strategic Environmental Assessment</i> applies 	<p>Approaches</p> <ul style="list-style-type: none"> ✓ Increased focus on disaster risk reduction: 10% of any response to natural disasters is allocated to prevention and preparedness. ✓ DFID has an implementation plan on climate change (2008) <p>Screening / mainstreaming</p> <ul style="list-style-type: none"> ✓ Strong leadership in applying SEA ✓ Environmental screening is part of the DFID logical framework and mandatory for all programmes over GBP 1 million ✓ Yet, no guidance or tool to mainstream climate change aspects 	<p>Instruments</p> <p>Modalities</p> <ul style="list-style-type: none"> ✓ Pilot exercise to integrate climate change into partners' national strategies ✓ Developing capacities to deal with environmental issues is one of DFID's operating principles 	<p>Institutional capacity</p> <ul style="list-style-type: none"> ✓ 40 environment advisers at HQs (36 of which on climate change), 11 posts for climate change advisors in country offices ✓ Climate change and environment research team in DFID's Research and Evidence Division <p>Funding</p> <ul style="list-style-type: none"> ✓ Plays significant role in international thinking on climate change financing ✓ Advocates for placing a limit of 10% on the amount of ODA spent specifically on climate change activities ✓ Most of its funding under the Rio Markers

ANNEX D: AGRICULTURE, HIGH FOOD PRICES AND DONOR RESPONSES MATRIX

	Policies /Focus Areas	Operational Approaches	Initiatives	Resources
Italy	<ul style="list-style-type: none"> ✓ Agriculture has always been a priority sector for Italian bilateral development co-operation. ✓ Does not have a formal policy on agriculture but its <i>2009-2011 Programming Guidelines and Directions</i> (overarching policy) make agriculture a priority sector. ✓ Italy has prepared strategic guidelines for agriculture as part of its <i>Aid Effectiveness Action Plan</i>. ✓ The Rome-based international institutions (FAO, IFAD and the WFP) are an explicit priority of Italy's aid policy. ✓ Italy is active in facilitating consultation for the Global Partnership on Agriculture, Food Security and Nutrition and works closely with the UN High Level Task Force on the Global Food Security Crisis and actively participates in the on-going reform of the global governance on food security (FAO, Committee on Food Security, CGIAR). ✓ Food security will be the primary theme of the 2015 World Expo to be held in Milan (<i>Feeding the Planet, Energy for Life</i>) – this will be an important opportunity to review world progress on achieving MDG One and reinvigorating the commitment to reducing hunger. ✓ Geographic focus: aid to agriculture seems equally distributed across Italy's aid programme with no regions or countries prioritised for support to agriculture and food security. ✓ Priorities vary across regions with a focus on fruit cultivation, production of olive oil and natural resource management in the Near and Middle East and broader approaches, including rural development, in sub-Saharan Africa. 	<ul style="list-style-type: none"> ✓ Italy's high level of political commitment to agriculture does not translate into high levels of expenditure for this sector: agriculture is 6% of Italy's total bilateral aid in 2006 and 2007 (USD 45.4 million only) ✓ Italy works closely with multilateral organisations ✓ Italy has demonstrated a capacity to respond quickly to global food crises which requires rapid spending. ✓ Strong emphasis on agricultural policy and agricultural production. ✓ Italy has a high level of agricultural expertise in its development co-operation system and is able to draw on wider pool of expertise from within Italy. ✓ Approaches include projects and programmes, international co-operation programmes for post-graduate training and applied scientific research and direct actions for land support.. ✓ Supports -South cooperation mechanisms and also makes extensive use of agricultural networks within Italy and internationally. 	<ul style="list-style-type: none"> ✓ Italy has considerable project and programme experience in agricultural development but has not documented this to any great extent. ✓ Italy contributes to pooled funding for food security in Ethiopia, as well as in fragile states such as Iraq and Afghanistan. ✓ Supports professional training programmes for counterpart staff and advisers to enhance agriculture and food security skills. 	<ul style="list-style-type: none"> ✓ Has critical mass of technical expertise in its development co-operation, including six agricultural experts in the Central Technical Unit (UTC), three in the Local Technical Units (UTLs) and 45 staff at the <i>Istituto Agronomico per l'Oltremare</i> (IAO) – a branch of the Ministry for Foreign Affairs. ✓ Italy is host country for FAO, IFAD and the WFP and is one of the most important contributors to these organisations. ✓ Italy has a network of strong agricultural institutes and universities that are well connected to development issues and developing countries.

	Policies /Focus Areas	Operational Approaches	Initiatives	Resources
Belgium	<ul style="list-style-type: none"> ✓ Agriculture and food security are one of Belgium's five priorities as set out by the Law on International Co-operation of 1999. ✓ Belgium's support for agriculture respects the principles set out in the DAC guidelines on pro-poor growth and agriculture. ✓ Current strategy for agriculture and food security aims to (i) align Belgian support to agriculture with partner countries' own programmes; (ii) strengthen the capacity of agricultural actors; and (iii) improve access for small producers to production inputs, services and markets. ✓ A new strategy is being developed in the light of findings from a recent independent evaluation – the new strategy will integrate DAC guidance on pro-poor growth and agriculture, provide better operational guidance and support coordination among actors. ✓ Agriculture and food security is a priority for Belgium's development co-operation in 11 out of its 18 partner countries. ✓ In response to the dramatic rise in food prices in 2008 Belgium decided to scale up its support to agriculture, rural development and food security to 10% of its total ODA by 2010 and 15% by 2015. ✓ Belgium concentrates its aid for agriculture on sub-Saharan Africa (63% of the total) and South America (21%) and prioritises its 10 focus countries in these regions. Belgium is a significant donor to agriculture in these 10 countries and in many cases is the sector leader. ✓ Belgium has recently increased its contributions to agriculture through its core funding to multilateral agencies, particularly IFAD and CGIAR. ✓ Belgium is seen as an active and innovative key player on the boards of WFP, IFAD and FAO. 	<p>Food security and agricultural support are addressed through different instruments:</p> <ul style="list-style-type: none"> ✓ emergency food aid in cash, and promotion of the "local purchase" approach through the World Food Programme; ✓ the Belgian Fund for Food Security; ✓ agriculture and rural development programmes managed through governmental co-operation and implemented by BTC, and also supported through BIO; ✓ multilateral contributions to agricultural research organisations; and ✓ subsidies to civil society actors (specialised Belgian NGOs and universities, and local farmers' organisations). <p>✓ Federated entities are active too. DGDC governmental co-operation accounts for approximately 40% of Belgian bilateral aid for agriculture and food security, the Belgian Fund for Food Security accounts for 33%, and emergency aid for 17%.</p> <p>✓ As indicative co-operation programmes only govern governmental co-operation, the other actors are not part of a coherent logic of intervention and are not linked with each other. This can lead to fragmented efforts, and even to conflicting situations.</p>	<ul style="list-style-type: none"> ✓ The Belgian Fund for Food Security (one third of the country's support for agriculture and food security) is governed by a specific law and strategic note, financed through the National Lottery and managed by DGDC as a special programme. It targets food security in sub-Saharan Africa, focusing on the most vulnerable. ✓ Belgium has a particularly strong partnership with IFAD, which implements part of the Belgian Fund for Food Security projects through a joint programme based on complementary interventions. ✓ Belgium's support to agriculture in Burundi balances humanitarian interventions and longer term development projects. ✓ BIO, Belgium's specific instrument to foster private investment, aims to invest 50% of its SME fund in the agro-industry sector. 	<ul style="list-style-type: none"> ✓ Expertise on agriculture and food security is available at the programming and operational levels. ✓ The informal platform on agriculture and food security, created in 2008, brings together representatives from government, non-government and multilateral co-operation and is helpful in developing strategy and approaches.

	Policies /Focus Areas	Operational Approaches	Initiatives	Resources
New Zealand	<ul style="list-style-type: none"> ✓ Agriculture and food security are a high priority in NZ's 2008 policy on <i>Economic Growth and Livelihoods</i> which outlines its approach to promoting pro-poor economic growth. ✓ Policy emphasises improving food security through increased productivity and availability of key food crops and reduced vulnerability and improved responses to emergency situations. ✓ New Zealand developed a single cross-government policy response to high food processes. This document informed its positions in a wide range of fora including the Rome World Food Security summits, Asia Pacific Economic Co-operation (APEC), OECD, Pacific Forum, and in donor co-ordination meetings. 	<ul style="list-style-type: none"> ✓ Fisheries offer a good example of New Zealand's whole-of-government approach to a sector, with a strong focus on capacity development. ✓ NZ's cross-government strategy for agriculture and fisheries enables a broad-based approach with complementary components and levels of action which are mutually reinforcing. It is aligned with partner countries' priorities to create secure and attractive investment environments, support economic growth, protect the resource and ensure food security. 	<ul style="list-style-type: none"> ✓ New Zealand provided increased funding to multilateral organisations to support their response to high food prices: In May 2008, the aid programme drew on NZD 1 million complex emergencies funding to support FAO work to reduce post-harvest losses in Timor Leste. In 2008, New Zealand also provided a one-off grant directly to the Consultative Group on International Agricultural Research (CGIAR) Challenge Programme on Water and Food of NZD \$2.5million and made an additional one-off contribution to the World Food Programme (WFP) of NZD 7 million. This went along with increased core funding to both CGIAR and WFP. ✓ Alongside the multilateral channel, NZAID has stepped up its policy engagement to seek stronger needs and market assessment and tailoring of responses to need. This would include greater consideration of the role of cash and voucher transfers as opposed to an assumed food aid response. 	<ul style="list-style-type: none"> ✓ Expertise on agriculture and food security is available at headquarters. ✓ New Zealand utilises whole of government approaches and is able to draw on the resources of key national agencies in agriculture and fisheries.