

## 1. The global context

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

Climate change has risen hugely up the global agenda. UNDP have called it the defining human development challenge of the 21st Century<sup>79</sup>. Failure to respond to it will stall and then reverse international efforts to reduce poverty. The poorest countries and most vulnerable citizens will suffer the earliest and most damaging setbacks, even though they have contributed least to the problem. Many of the impacts play out through the natural world.

Ecosystems and biodiversity are the fundamental building blocks on which we all depend for our existence and development. Biological diversity provides food, timber, fibre, fuel, medicine and freshwater but also essential services such as water purification, air and soil quality, pollination, pest control, climate regulation, flood control and protection against natural hazards. While we all depend on natural services, the poor are usually the most vulnerable to environmental degradation, lack of clean water and fertile land, leading to increased hunger, illness and poverty.

At least 60% of the essential services provided by ecosystems are degraded and used unsustainably<sup>80</sup>. Demands on rivers and groundwater resources for agriculture and industry already use about 90% of the world's freshwater. There are strong links between biodiversity loss and poverty reduction, including meeting the MDGs, and the economic and welfare impacts of biodiversity loss are enormous. For example biodiversity loss is resulting in the disruption of agriculture and a decrease in fish catches. It is estimated that each year we lose ecosystem services worth €50 billion; by 2050 the cumulative loss of ecosystem services will amount to €14 trillion per year<sup>81</sup>. Climate change will further exacerbate this, and in turn this will reduce resilience to cope with climate impacts.

Lack of sanitation and clean water has profound impacts for meeting the goals on education, health, nutrition and gender equality. Poor water and sanitation has huge costs, accounting for 28% of child deaths and the loss of 443 million school days globally each year. However, an investment of just €1 in water and sanitation can generate an average of €8 in economic returns through better health and increases productivity<sup>82</sup>. People with disabilities have the least access to safe water and sanitation and this contributes to persistent poverty among this group<sup>83</sup>.

Access to water and sanitation is also of key concern for slum dwellers. Around 1.1 billion people are currently living in slums and this will increase to 1.4 billion by 2020 unless urgent action is taken<sup>84</sup>. Inadequate housing, insecure tenure and a lack of essential services cause and reinforce many other aspects of poverty and vulnerability and negatively impact upon health, safety, security, psychological wellbeing, education, economic opportunities and social cohesion and increases people's vulnerability to disasters.

## 2. Tracking progress

The Millennium Development Goals Report 2009<sup>85</sup> points out that accelerated progress is needed in several areas including giving greater priority to preserving our natural resource base. *"We have not acted forcefully enough – or in a unified way – our fisheries are imperilled; our forests, especially old-growth forests, are receding; and water scarcity has become a reality in a number of arid regions"*. The target to reduce biodiversity loss is woefully off track with an overall 30% decline in species populations since 1970,<sup>86</sup> if this trend continues, the functioning of vulnerable ecosystems, and the services they provide, may be severely compromised, with drastic consequences to human societies<sup>87</sup>. Global forest loss is estimated at 13 million hectares a year<sup>88</sup>. Overall deforestation accounts for up to 20% of global greenhouse gas emissions<sup>89</sup> and is a significant contributor to climate change.

Progress in meeting the targets on water and sanitation has been mixed. Globally the MDG target on water is likely to be met, but this is largely due to progress in East Asia, as Africa remains far off-track. Access to sanitation in Sub-Saharan Africa is an area of particular crisis, where on current trends the MDG target will not be met until 2108<sup>90</sup>. In all, 2.5 billion people lack access to safe sanitation, and almost 900 million lack access to safe drinking water, resulting in over 4,000 child deaths each day from diarrhoea alone.

Problems preventing progress in sanitation and water include low levels of investment by both donors and national governments and poor targeting of aid towards low-income countries. Between 2006 and 2008, only 41% of EU member states aid allocated to sanitation and water, and just 31% of EC aid, went to low-income countries.

As with other targets, progress on achieving a decline in slum growth is mixed. Just eight countries are considered on track and 50 countries off track, where already high slum populations face rapid and sustained growth rates<sup>91</sup>. The





greatest challenge is the sheer size of increases in urban population between 2000 and 2030, the urban areas of the less developed regions of the world will absorb 95% of global population growth<sup>92</sup>. Without the engagement of urban poor in the process of slum upgrading, redevelopment and resettlement, real progress will be limited and unsustainable. Reluctance on the part of governments to legalise informal settlements of the urban poor has ensured that these settlements are left out of planning and budgetary processes thus hampering slum-upgrading initiatives. The practice of forced evictions, often development-induced, not only further entrenches patterns of poverty and exclusion but is also one of the most common barriers to slum upgrading.

The impacts of climate change are seriously undermining progress on the MDGs and are causing more people to slide into poverty. The 2009 Human Impact Report claims that 300,000 people a year are already dying from climate change impacts and a further four billion are vulnerable<sup>93</sup>. Water scarcity, food insecurity, reduced agricultural productivity, floods, the loss of low-lying lands and islands, desertification and the spread of vector-borne diseases are all expected impacts which will put further stress on those people already living in the most vulnerable situations. The fact that the UNFCCC (COP 15) Copenhagen Summit on climate change failed to secure a fair and ambitious legal binding agreement, with countries' pledges so far inadequate to the agreed goal of keeping the world below 2°C average warming means that the economic, social and environmental threat and costs of preventing a long term global disaster are mounting fast.

The European Consensus on Development<sup>94</sup> recognises environment and the sustainable management of natural resources both as an objective in itself, and also as a cross-cutting issue to strengthen the impact and sustainability of development cooperation. Through the Consensus, the EU has committed to strengthen its approach to mainstreaming including through capacity, dialogue, and technical support.

The EU Agenda for Action<sup>95</sup> in 2008 recognises that priority actions are needed in key areas such as environment, water and sanitation and to improve the living conditions of slum dwellers as well as enhancing the integration of cross-cutting issues. The Agenda for Action demonstrates an intention to increase its investment in the environment sector globally and also commits to address other pressing development challenges in the context of the MDGs such as adaptation to and mitigation of climate change, protection of biodiversity, halting deforestation, and the transformation to safe and sustainable low carbon development pathways.

### 3. Recommendations to the EU

#### Mainstreaming the Environment for Aid effectiveness

– Environmental sustainability, along with gender equality and human rights, is a cross cutting issue. The Accra Agenda for Action<sup>96</sup> emphasises that these issues are cornerstones to achieve enduring impact. Within EU policy, these issues are essential to the achievement of the MDGs and should be mainstreamed through development policy and programming. A new strategy for the integration of environment should be in place by 2011, before the next programming round.

**Environmental and social safeguards** – EU member states, as shareholders and major contributors to many international financial institutions, should ensure adherence to the strongest environmental criteria and social safeguards, regularly and independently reviewed. In this respect the EU should show leadership through the operations of the EIB and EBRD. Development activities should also be screened to ensure they are not exacerbating climate change and will also be resilient to climate impacts.

#### Target 7a – Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources by:

- **Ensuring coherence for environmental sustainability:** Ensure that development cooperation, as well as approaches to climate change, fully integrate concerns for environmental protection, including the protection and restoration of ecosystem services and support existing multilateral environmental agreements. This should be addressed through the multi-annual EU work programme on Policy Coherence for Development.
- **Valuing natural capital:** Utilise tools such as natural resource accounting and strategic environmental assessments to highlight the benefits of functioning and healthy natural systems and the negative economic costs of degrading the environment.
- **Addressing climate change:** The EU must adopt a target of 40% emissions reductions by 2020 compared to 1990 levels and take effective action towards achieving this intermediate goal with strong domestic action. It must be ensured that there are adequate resources (€145 billion a year by 2020<sup>97</sup>) to support the most vulnerable countries for both adaptation and the implementation of sustainable development paths. Funding for climate change should be additional to the already-promised 0.7% ODA, and be long-term, transparent, predictable and responsive to developing country needs and priorities. Interventions should recognise the vital role of healthy ecosystems for both adaptation and mitigation as well as the importance of community-based adaptation measures.

- **Water resources management:** Throughout its development interventions, the EU should support national and regional water resource management planning to integrate demands, availability and climate risk into programmatic and sector frameworks. These need to be participatory, gender sensitive, have a clear poverty focus, and be based on sound science (hydrology and ecology).
- **Access to clean energy:** Some 2.5 billion people live without access to modern cooking and heating services and 1.5 billion have no access to electricity<sup>98</sup> which impacts health and education. The EU should facilitate access of developing countries to low carbon and climate resilient technologies for energy use and support the development of capacity to formulate and implement low carbon energy development pathways.

**Target 7b – Reduce biodiversity loss, achieving by 2010, a significant reduction in the rate of loss by:**

- **UN Convention on Biological Diversity:** The EU should play a strong role in the development of a new and ambitious biodiversity vision and targets through global consensus at the Conference of the Parties to the CBD in October 2010, including addressing the underlying drivers of biodiversity loss.
- **Investing in the environment:** Build on the commitments made in The EU Agenda for Action on MDGs<sup>99</sup> to increase the investment in the environmental sector globally, including doubling current investments for biodiversity conservation in partner countries.
- **Promote participation:** The EU through its development cooperation programming should give support, through strong incentives and financial resources, to participatory, gender-sensitive, pro-poor natural resource and ecosystem management systems.



**Target 7c – Halve, by 2015, the proportion of people without access to safe drinking water and basic sanitation by:**

- **Giving greater priority to investing in sanitation:** Recognise its role as a particularly neglected MDG target, and one that is central to achieving progress in child health, girls' education, nutrition and gender equality. Investment needs to reflect this importance.
- **Improving the targeting of aid:** Work towards at least 70% of aid to sanitation and water going towards low-income countries, 50% to basic services, and extra attention being provided to the needs of women and the urban poor.
- **Increasing investment in national sanitation and water plans:** Keep the commitment made in the EU Agenda for Action on the MDGs to invest an extra €2 billion per year.
- **Support 'Sanitation and Water for All – A Global Framework for Action':** as the new international platform to provide leadership, coordination and accountability.

**7d – By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers by:**

- **Reinforcing the Habitat Agenda:** EU donors should make sure they put greater emphasis on commitments made and strategies agreed at the UN 1996 Habitat II Conference. These strategies are still highly relevant today.
- **Taking a multi-sectoral approach:** Support to governments through development cooperation should take a multi-sectoral approach to ensure effective coordination between development finance, governance, infrastructure, services and climate change investments.
- **Preventing forced evictions:** EU member states, as shareholders and major contributors to many international financial institutions, should ensure that development funding does not result in the forced eviction of communities.
- **Supporting community-based interventions:** The EU should increase funding to finance community-based slum upgrading as a quick win for achieving the MDG target and explore options to leverage and blend finance from public and private sources.