

**Submission to the European Commission consultation on
“Improving Environment Integration in Development Cooperation”**

**- *Transparency International recommends good governance as a
prerequisite for mainstreaming environment* -**

Transparency International (TI) is the global civil society organisation leading the fight against corruption. Through more than 90 chapters worldwide (i.e. in almost every EU Member State and in many developing countries worldwide) and an international secretariat in Berlin, Germany, TI raises awareness of the damaging effects of corruption and works with partners in government, business and civil society to develop and implement effective measures to tackle it. There is strong evidence of the devastating impact of corruption on poverty reduction and sustainable and participatory development. Advancing development by fighting corruption is therefore one of TI's main areas of expertise and experience.

Comments

- TI follows the Commission's development policies with great interest and welcomes the launch of the Consultation on Improving Environment Integration in Development Cooperation.
- TI has already commented within the framework of the Commission's consultation on "Mainstreaming of Cross-Cutting Themes" on 10 July 2008.
- TI will concentrate its comments on good governance, a concept that is closely linked to TI's mandate of fighting corruption.

Remarks and Suggestions

- It is TI's experience that corruption directly reduces the effectiveness and efficiency of programs designed to protect renewable resources.
- In countries where corruption is endemic, the lack of public accountability may prove an irresistible incentive for individuals to use natural resources as they wish. This view is supported by the observation that countries with poor governance and high levels of corruption often possess the most renewable natural resources — and suffer from some of the gravest environmental risks.
- Mainstreaming and effectively integrating environmental issues into the EC's development cooperation requires the presence of effective good governance structures, without which efforts on environmental sustainability are unlikely to be effective. In this respect, TI suggests drawing on the Cotonou Agreement (Art 9) which defines 'good governance' as the "transparent and accountable management of human, natural, economic and financial resources for the purpose of equitable and sustainable development."

- As TI has emphasized in previous submissions to consultations launched by DG DEV,¹ a lack of ‘Good Governance’, defined as sound management of all resources of a country, impedes the effectiveness of all assistance and programmes in the framework of both mainstreaming and specific actions. Unless transparent and accountable management capacities are in place, the integration of cross-cutting themes is less likely to be effective. **TI therefore sees ‘Good Governance’ as a prerequisite for successfully mainstreaming environmental sustainability.**

- The Commission’s concerns over limited financial resources limitations in poorer countries to address environmental challenges are valid, especially when critical issues such as food, health or basic education are not yet sufficiently addressed. The Commission’s suggestions to explore innovative financing mechanisms should go parallel with efforts to build and/or reinforce transparency, accountability, and anti-corruption mechanisms into governance structures in order to ensure that both existing and new resources do not result in the misallocation of funds to the detriment of poverty reduction programmes in general and environmental programmes in particular. Strengthening developing countries’ capacities to financially address environmental concerns more effectively requires transparency and accountability frameworks in place.

- Areas of intervention on how to strengthen good governance structures in beneficiary countries as a basis for integrating environmental sustainability:
 - Improving transparency, accountability and anti-corruption measures in public institutions in the exercise of their environment sector-related functions.
 - Improving in the issuance and ownership of environmental-related licenses and concessions.
 - Improved transparency, accountability and anti-corruption measures (e.g. certification schemes) put in place for public institutions and private enterprises responsible for the transnational movement and certification of natural resources such as timber for example.

- The question raised in the *Issues Paper* on how to best link environment integration with budget support is crucial; the above-mentioned areas of intervention should ideally be taken into account at both the preparation (e.g. when drawing-up country-profiles) and implementing (e.g. in the framework of the annual reviews) stage.

TI looks forward to continue discussing these issues with you. If you need further information, please contact:

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¹ Please see TI Submission to the European Commission Consultation on “Mainstreaming of Cross-Cutting Themes,” 10 July 2008.