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from : Secretary-General of the European Commission,
signed by Mrs Patricia BUGNOT, Director

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to : Mr Javier SOLANA, Secretary-General/High Representative

Subject: Commission Staff Working Paper - Annex to the communication from the
Commission to the Council and the European Parliament
The World Summit on Sustainable Development one year on: implementing
our commitments

Delegations will find attached Commission document SEC(2003) 1471.

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COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMISSION STAFF WORKING PAPER

Annex to the

**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE
EUROPEAN PARLIAMENT**

**The World Summit on Sustainable Development one year on: implementing our
commitments**

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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

The World Summit on Sustainable Development one year on: implementing our commitments

ANNEX I

PROGRESS REPORT ON THE EU WATER INITIATIVE (EUWI)

The World Summit on Sustainable Development (WSSD) was considered an important step forward for the water sector, with the adoption of a specific target on sanitation, to complement the Millennium Development Goal (MDG) on water supply, and with the target on integrated water resources management plans. The EU Water Initiative (EUWI) was launched during WSSD to show the strong commitment by the EU (Member States, EC, EIB, civil society and private sector) to contribute towards these targets. The EU-African strategic partnership on water affairs and sanitation, signed by Heads of State in Johannesburg, and the partnership agreed between the EU and the Eastern Europe, Caucasus and Central Asia (EECCA) countries provide the political basis for concrete action to contribute to poverty reduction, sustainable economic development, peace and security.

A strategic document was prepared for WSSD establishing its objectives and principles:

The EU will work with its partners to:

- reinforce political commitment to action and raise the profile of water and sanitation with a view to reducing poverty;
- promote better water governance arrangements, including stronger partnerships between public and private sectors and local stakeholders, and build institutional capacity;
- improve co-ordination;
- develop regional co-operation in the application of integrated water resources management in transboundary waters;
- develop additional and innovative funding mechanisms and stimulate additional funding.

1. DEVELOPMENT OF THE APPROACH AND INSTITUTIONAL ARCHITECTURE

The initiative is designed to be transparent and is centred on a policy of partners working toward common objectives and targets, with a Multi-Stakeholder Forum as the main co-ordinating and advisory body. The EC chairs the meetings of the Multi-Stakeholder Forum and of the Member States Expert Group. The EC holds the Secretariat of the Initiative. After WSSD the EU and its partners analysed the biggest gaps and financial needs in the target regions in order to prepare a co-ordinated action programme and financial strategy.

A modular approach enables the initiative to develop appropriate responses for different geographical regions and their priorities. In the preparations for the WSSD, Africa and the

EECCA countries were identified as first priority target regions. The Mediterranean and the Latin American component started after the WSSD. For each region thematic priorities were also established with water supply and sanitation (WS&S) and integrated water resources management (IWRM) as core themes in all regions. Finance, research and monitoring were identified as cross-cutting components relevant for all regional components. Working groups have been established for the components and a lead country identified for each component.

2. PROGRESS TO DATE AND THE WAY FORWARD

– Regional and National Level Dialogue and Development of Components

The focus is on working at country/regional level to deliver early results. All working groups have started to work on the design phase of the different components. Operational working relations with the partner regions have been established to ensure that the initiative is shaped through response to demand instead of being pre-determined. This process is taking longer than expected but is essential to build ownership.

For all regions, interaction with developing countries will be reinforced through linkages established over the last year. The aims are to further develop ownership at country/regional level, translating political commitment into priorities and concrete actions, to reinforce dialogue at country level towards co-ordinated actions/sector support programmes, and to raise the profile of water and sanitation in Poverty Reduction Strategy Papers (PRSPs). More effort has to be put into reinforcing the involvement of all MS in the different working groups, including supporting the lead countries in their co-ordination roles.

EC Delegations have been asked to play an active role in promoting the Water Initiative at country level. A list of target countries/regions is being developed, with Member States or Commission acting as country/region facilitators in specific countries. The EC could take the lead in the countries where water is a focal area.

The Initiative has been closely linked with different international processes, such as the Third World Water Forum (Japan, March 2003) and the G8 (Action plans on Water and for Africa). International co-ordination is ongoing with other donors (US, Japan, World Bank, African Development Bank), UN agencies (FAO, UNEP, Habitat, UNESCO, UNDP, UNICEF) and international networks (Global Water Partnership - GWP, World Water Council, Water Supply and Sanitation Collaborative Council)

– Africa (lead: France and Denmark)

Building on the Strategic Partnership signed at WSSD (and formally endorsed under the EU/Africa Dialogue), a strong relationship has been established with the African Ministerial Council on Water (AMCOW), with the New Partnership for Africa's Development (NEPAD), and with the African Water Task Force (AWTF). A draft work programme was developed jointly for the AMCOW meeting in Cairo in February 2003. On the institutional side, a Technical Advisory Committee (AMCOW-TAC) has been set up, and AMCOW and NEPAD have established a close collaboration and have taken steps to formalise their status in the framework of the African Union. A series of meetings, held during the Stockholm Water Week in August 2003, enabled the establishment of a stronger working partnership between the EU and African partners, to move forward and closely integrate the Initiative into ongoing African processes.

A 'Business Plan' is under preparation, led by Sweden, to set out a work programme for the African components of the EUWI, which will include governance arrangements and identify the necessary organisational measures and resources. This is being done in close co-operation with AMCOW-TAC. It will include activities being developed by the working group on water supply and sanitation (WS&S), led by Denmark, including an overview of the activities in the pipeline for EU Member States and the EC. AMCOW is working on a portfolio of programmes based on country reports that will analyse the gaps with a view to achievement of the targets, including a proposal for priority countries/regions for the first implementation phase. The activities of the Working Group on integrated water resources management, led by France, will also form part of the Business Plan. A programme of assistance to transboundary river basins is under development, together with preparation of national plans on IWRM - in partnership with GWP. A report on work to date has been prepared, including the definition of criteria for selecting basins for initial support under the EUWI (for which €10 million reserved under the intra-ACP allocation of the 9th EDF will be used). This will complement ongoing programmes and those being prepared by the MS and the EC.

The meetings of AMCOW in Ouagadougou in October have allowed the European and African partners to work jointly on the work programme for the implementation of the Africa EU partnership, which, presented at the Addis Ababa Pan African Water Conference in December 2003 will provide opportunities to finalise with AMCOW the "business plan" for implementation of the Africa-EU partnership, to discuss proposals to move sanitation higher up the political agenda, to agree the initial three basins for support and to agree a new programme of work on financing.

– EECCA (lead: Denmark)

A Programme Document describing the EECCA component has been developed and sets out future issues and directions for implementation. It was prepared in co-operation with UNECE, the EAP Task Force, UNDP and UNEP, and other stakeholders. It was presented as an official document at the 5th Ministerial Conference in Kiev 21-23 May, and was included in the final declaration. The programme document includes building blocks ranging from small projects to large multi-million euro programmes, of which about 60% are for IWRM and 40% for WS&S. Financing needs are approximately €518 million for IWRM and €275 million for WS&S. The identification and screening of building blocks will continue with the partners in the implementation phase and a more detailed financial analysis will be carried out.

– Mediterranean (lead: Greece)

The component focuses on the following themes: water supply and sanitation, with emphasis on the poorest sections of society; IWRM, with emphasis on management of transboundary water bodies; water, food and environment interaction, with emphasis on fragile ecosystems; non-conventional water resources and capacity-building.

An Operation Plan was developed and discussed at a multi-stakeholder meeting in Athens in June 2003, setting out the context, basic content and proposed structure of the MED EUWI. The aim is to collect a list of ongoing and new projects that will make up the initial working platform of the EUWI-MED. Other activities include an assessment of water financial flows in the Mediterranean, the mapping of key stakeholders and a compilation and analysis of the first list of building blocks. This will be incorporated into an Activity Plan for 2004-2005.

– Latin America (lead: Spain and Portugal)

The development of the Latin America component (EUWI-LA) started at the II Ibero-American Forum of Environment Ministers (Bavaro, Dominican Republic, July 2002). Spain and Portugal worked with partners in Latin America to develop a detailed concept for the EUWI-LA component. The main topics to be addressed under the component are: water supply and sanitation; IWRM; and protection and prevention against extreme events (floods and droughts). For each topic, a separate report is being prepared, including the identification of key problems and of existing and future initiatives to address them.

A series of events during September and October will be used to ensure the necessary political commitment and ownership, concluding with endorsement at the Third EU-Latin America/Caribbean Summit in Mexico in March 2004.

– Finance (lead: UK)

The aim of the EUWI Finance Component is to provide practical guidance to the EUWI on issues of water financing, and how best to use Official Development Assistance (ODA) financing for water, to provide information for other components of the EUWI, and to develop effective and practical financial implementation processes. A “Finance Working Group” has been established and has worked with others, including the ‘Camdessus Panel on financing water infrastructure’. Consultations have involved the OECD and the MDG Task Force, and many public, private and civil society stakeholders.

The Finance Working Group has finalised its first report, with a focus on examining the ODA data and various initiatives surrounding water financing, and providing a quantitative and analytical background. The report gives a summary of existing estimates of funding needs for the water sector; an overview of financial instruments and sources of finance, the constraints on finance, and guidelines on good water governance. A Guidance Note gives help on determining regional financial strategies, and serves as a practical tool for regions to assess flows of international assistance from the EU.

The analysis clearly showed that doubling of ODA is not enough, but that flexible and innovative funding mechanisms on water are urgently needed in order to reach the WSSD targets. It also highlights the need for a higher profile for water in the partner countries and in their Poverty Reduction Strategy Papers (PRSPs). The report has been sent to AMCOW and further work (e.g. on preparing economic arguments for water, getting water into PRSPs, etc.) should closely link into the follow-up to the ‘Camdessus report’, being co-ordinated by the GWP.

– Research (lead: EC, DG RTD)

The Commission’s Sixth Framework Programme (FP6) gives developing country partners increased access to the scientific knowledge of the European research community. Water is one of the important focal topics and thus expected to absorb significant amounts of FP6 funding.

The objective of the Research Component is to underpin the EU Water Initiative with scientific knowledge. This implies enhanced dissemination of information, improved knowledge management, strengthened co-ordination, the coherence and complementarity of joint European and developing countries efforts in international water research and scientific co-operation, and the promotion of innovation. The specific long-term objective is to transfer

this process at regional and national level in developing countries. A further objective is to link research more closely to development. The AMCOW research desk should act as a contact point for the EU working group, in order to improve communications and give more guidance to African countries/researchers.

– Supporting activities (Inventory, Communication, Monitoring, etc.)

An inventory of EC projects has been completed (with the collaboration of the EU Commission's External Relations and Development Directorates-General) and included in the brochure published for the Third World Water Forum in Japan, March 2003, to disseminate EC experience and the Water Initiative. The inventory of Member States' ongoing and pipeline activities is in preparation but information is lacking from several MS.

Monitoring is needed to enhance the efficiency and accountability of ODA. EUWI's focus should be to support monitoring processes related to achieving the MDGs, such as those of the OECD/DAC and the UN, and to help the partner countries to measure their progress towards meeting the MDGs. Such activities are best implemented at national level. An initial workshop has taken place (May 2003) in collaboration with the water professionals networks (EUREAU and IWA). A multi-stakeholder sub-group will meet in October to follow up how EUWI should address this issue.

A small EUWI Secretariat, crucial for development of the Initiative, is being established within the EC (DG DEV, in collaboration with other DGs), and will be reinforced. A seconded national expert is being recruited. Further support is required from the MS.

3. MAKING FINANCIAL RESOURCES AVAILABLE: PROPOSAL TO ESTABLISH AN ACP-EU WATER FACILITY

If the EU wants to deliver on the political commitment undertaken in Johannesburg that it will contribute to the achievement of the MDGs and targets for water and sanitation, then the ongoing development of the EU Water Initiative, and in particular of its financial strategy, shows that there is a critical need for a significant increase in financial resources. In order to address this need, the Commission has started to investigate opportunities for additional funding, and has made a first proposal to allocate the 'conditional €1 billion' of the 9th European Development Fund to create a Water Facility for ACP countries.

Taking into account the position expressed by Member States, and responding to the Conclusions of the GAERC on 20 May 2003, the Commission is preparing a new proposal on how the proposed Water Facility will operate, to be discussed by the relevant EU Council bodies and the ACP-EC Council of Ministers.

This Facility should be a flexible and innovative mechanism designed to act as a catalyst and to leverage other sources of financing, in particular from the private sector. In order to ensure complementarity, regular consultations are held with EIB and European Development Finance Institutions. During the meetings in Stockholm in August, the African partners were given clear explanations of the role and nature of the proposed ACP-EU Water Facility, which would constitute a key contribution for the implementation of the Africa-EU Strategic partnership. The AMCOW is ready to play its part in guaranteeing African support for the Facility in the ACP Council.

ANNEX II

EU Energy Initiative for Poverty Eradication and Sustainable Development

At the World Summit on Sustainable Development (WSSD) clear links were made between access to energy and achievement of the Millennium Development Goals (MDGs). This marked a major increase in the attention given to energy within the context of poverty eradication and sustainable development. Responding to this, the EU launched the *EU Energy Initiative for Poverty Eradication and Sustainable Development* at WSSD, demonstrating the EU's political will to act in this area. This is a joint Initiative of the Commission and Member States.

The Initiative has a high level of support amongst EU Member States, and strong and growing support in beneficiary countries. As agreed at the WSSD its focus is on poverty eradication by improving access to adequate, affordable energy services in rural, peri-urban and urban areas. It is not oriented towards a particular technology, but rather operates through the options appropriate to the situation in the country or region in question. These options include rural electrification, decentralised energy systems, increased use of renewable energy and enhanced energy efficiency (including cleaner, more efficient fossil fuel technologies, technology for more efficient appliances, and the more efficient use of traditional biomass). Development Banks, investors and the private sector will be invited to participate in the financing.¹

The first year of the Initiative's development has focussed on laying the foundations, establishing consensus within the EU on the future direction and approaches, and initial dialogue with beneficiaries and stakeholders. While several concrete activities have been identified already, concrete progress has been difficult and there is much to be done, jointly by the Commission and the Member States, to meet the challenges and ensure that the Initiative delivers results commensurate with the expectations created. The focus of the second year will be on intensifying dialogue with beneficiaries in order to deliver concrete results at national and regional level.

1. DEVELOPMENT OF THE APPROACH AND INSTITUTIONAL ARCHITECTURE

The importance of energy services is identified in only a small number of Poverty Reduction Strategy Papers (PRSP), EC country/regional strategy papers, etc. In order to make progress, several specific difficulties associated with energy in development co-operation need to be addressed:

- The energy/development debate is complex and multi-faceted, with a variety of policy drivers within the EU, the key ones being security of supply, environment (climate change) and poverty reduction. With respect to the EU Energy Initiative, further work will be required to reinforce and clarify the consensus on the central objective, which is poverty eradication, and on how to deliver that objective.

¹ The Initiative was announced in the Commission Communication on the external dimension of sustainable development (COM (2002) 82, February 2002), with Member States confirming their support in the Council Conclusions adopted at the Development Council meeting on 30 May 2002. The Seville European Council of 21-22 June 2002 reiterated the Council Conclusions and specified that the EU would pay particular attention to Africa when implementing the Initiative in order to give a boost to the NEPAD Initiative. However, the Initiative will be open to all developing countries and could develop on a regional basis. The Initiative was also highlighted in the Commission Communication on energy cooperation with the developing countries (COM(2002) 408). In the June 2003 resolution from the European Parliament responding to this Communication.

- Within Africa, which is a focus region for the Initiative, there are no well-established continental level institutions dealing with the energy sector, as there are for water. Further engagement with the New Partnership for Africa's Development (NEPAD) will be important for development of the Initiative in Africa.

Commitment at country level is essential, and has been initiated, to ensure ownership. It will be essential to work with recipient countries to highlight the role of energy within their poverty reduction strategies in the medium term. In parallel, there has been dialogue with stakeholders from financing organisations, the private sector and civil society. The continued active involvement of both the Commission and Member States is essential to take forward the agreed approach, particularly in Member State country offices and Commission Delegations.

The main thematic components of the Initiative (building blocks) have been agreed with Member States, in line with the political directions provided prior to WSSD:

- energy policy development;
- institutional capacity building and technical co-operation;
- cross-sectoral planning;
- market development;
- co-operation with financial institutions.

A light, institutional structure has been developed for the Initiative, including a Member State Advisory Group, with working groups set up as required, and an Initiative Finance Working Group, led by the Netherlands. The Initiative Secretariat has been set up in DG Development to facilitate progress of the Initiative; the core Secretariat staff is in place, and further strengthening of the team is under way. An Ad-hoc Inter-service Co-ordination Group has also been set up and met for the first time in January. Three stakeholder meetings have been held for the Initiative to gather the views of the private sector, financing organisations and civil society.

2. PROGRESS TO DATE

Country and regional level: Dialogue has been taken forward by the Commission and Member States in a number of countries and regions, including:

- Africa – Dialogue has been established at national level in over 15 African countries to help identify the energy needs implied within existing country poverty strategies. The Commission and several Member States, including France, Denmark and Sweden are actively pursuing this dialogue, with EU co-ordination at country level. The Commission and France are each undertaking scouting missions, with consultants, in 7 countries, following an approach agreed jointly, in preparation for the Nairobi conference in November (see below): (*Commission in Zambia, Madagascar, The Gambia, Chad, Malawi, Cameroon, and Niger; France in Ghana, Burkina Faso (with Denmark), Mali, Senegal, Tanzania (with Sweden), Ethiopia (with Austria), and Kenya*). Denmark has established an active EU donor dialogue in Mozambique, and Sweden is operating in Tanzania. Dialogue at continental level in Africa has been slower for the reasons mentioned above; however, this will be a priority for the coming year.

- Pacific – The Commission and Denmark have engaged in active and positive dialogue with regional organisations in ACP Pacific island states. Parallel-financed activities are improving

the efficiency of national electricity utilities and helping to establish national energy policies and action plans.

- Central America – Finland has established a partnership with two regional organisations representing the countries of Central America, and a number of private sector organisations. This partnership is likely to deliver early results under the Initiative.

Discussions are progressing in other regions, including the Caribbean (dialogue with CARIFORUM started), although they are at an earlier stage.

Initiative supporting activities: Following a format agreed with Member State representatives on the Advisory Group, a brochure has been produced to raise awareness and understanding of the EU Energy Initiative. The UK Department for International Development (DFID) employed a consultant to draft the text with the support of the Member States. At the same time a website has been developed, initially to include the general messages provided in the brochure, and later to describe in more detail specific national and sub-regional activities under the Initiative. The approach for the development of an EU Inventory of energy activities in developing countries has also been developed, with support from Germany, and agreed with the Member States.

3. THE WAY FORWARD

The following twelve months will involve activities of both a general and a specific nature, to deliver results.

i) Methodology

While poverty reduction is the agreed focus of the Initiative, environmental considerations and broader energy-related issues may influence the debate. To date the Advisory Group, composed of EU Member State energy and development experts, has identified the following key areas for action:

- rural electrification;
- decentralised energy systems, including increased use of renewable energy;
- institutional capacity-building and restructuring;
- policy, planning and transfer of knowledge and skills;
- enhanced energy efficiency, including more efficient use of biomass.

These will be key elements in developing activities at country and regional level.

Development of the methodology over the following twelve months will be based on the following:

- country and regional level dialogue, with analysis of the appropriate role of energy in country and regional strategies, leading to identification of priority activities within the five key areas highlighted above;

- development of approaches to encourage co-financing among donors and financing organisations;
- further development of dialogue with the private sector and civil society and methodologies for working in partnership.

ii) Development of the multi-partner aspect of the Initiative

Although there have been some signs of interest from major EU private sector operators (e.g. EDF, Shell, BP, ENEL, Scottish Power), the private sector will have to confirm its willingness to participate actively in the development of partnerships. In support of this, steps will be taken to develop further practical analysis on the roles of the public and private sectors, as well as models for public private partnerships (PPPs) and concepts of financial engineering. Activities will be taken forward to develop mutual understanding amongst key stakeholders of the expectations and roles of the public sector (in developing countries, as well as donors), financing organisations and the private sector, concerning the delivery of energy services. The range of service delivery models will be considered, on the understanding that local conditions will determine the optimum model; one size does not fit all. Working with key players, the aim could be to develop realistic financing models, including various kinds of PPP.

Enhanced understanding of the essential role of risk mitigation, will be developed in co-operation with key financial institutions, including regional development banks; for the EU an important partner will be the European Investment Bank (EIB).

iii) Programming future activities

Enhancing dialogue at national and regional level will be necessary for the programming of future initiative activities, to gain ownership by beneficiaries, and develop consensus on the role of energy in national and regional poverty strategies. The initial focus will be on Africa, although there will also be dialogue in the other regions mentioned above.

In order to consolidate dialogue at national/regional level in Africa, a major conference is being organised by the European Commission in Nairobi in November 2003, with the active support of the Member States. This conference, which will bring together energy ministers, planning and finance ministers (national authorising officers) and other key players, will involve an explanation by the EU of the overall Initiative objectives. The participating African countries will then outline the role of energy in their development policies and plans. The event will improve awareness of the links, both direct and cross-cutting, between improved access to energy services and poverty reduction, and develop a way forward for the Initiative in a number of countries/regions. Dialogue will take place on the specific energy service needs of the participating countries and sub-regions, in the context of national and regional poverty reduction strategies. A preliminary identification of ways for taking forward the EU Energy Initiative in Africa is expected, with specific early objectives, plans and programmes highlighted for further development of activities and programmes in a number of African countries/sub-regions. The conference will also be used to further develop strategic partnerships with NEPAD, and the African Regional and Sub-regional Economic Communities.

iv) Taking forward specific activities

The Initiative has already stimulated a number of new activities, including some in the Pacific islands region and Central America. The following twelve months will see the start of activities with these programmes.

National and sub-regional follow up to the Nairobi conference will be essential for identifying specific activities in Africa. With the full engagement of Member State country offices and Commission Delegations, dialogue within countries and regions will be used to build consensus with beneficiaries on the way forward, and to define the roles of partners and stakeholders. The results will be fed into the wider activity of revising national and sub-regional strategies. The Commission will use its comparative advantage in the development of regional programmes to take the Initiative forward in Africa. In order to emphasise the cross-cutting elements of energy, and thus to integrate energy into national/sub-regional poverty strategies, a significant effort on upstream activities will be required.

v) Making financial resources available

International private investment must increase to improve energy service provision in developing countries. ODA should be used to leverage this investment, as well as to encourage coherent public sector spending within beneficiary countries; ODA should not be seen as a stand-alone source for large-scale improvement of the situation. As things stand, donor-supported activities under the EU Energy Initiative will derive principally from the national and regional programmes defined in the associated national/regional strategies. In addition, in order to deliver early results, the Commission has identified limited resources under the Intra-ACP budget (Euro 7.5 million). It is anticipated that approximately 60% of the funds will be used for ACP Africa, with 15 % each for ACP Pacific and Caribbean regions. Given the complex inter-relationships of energy and other key development sectors, there is a need for a significant upstream effort to integrate energy into national Country/Region Strategy Papers.

The COOPENER programme, part of the Intelligent Energy Europe Programme which is managed by the European Commission's Directorate-General for Transport and Energy, will deliver a number of the capacity-building and policy development aspects of the Initiative.

The issue of further future funding for implementation of Initiative activities will have to be addressed together with the Member States. Possible linkages with the water facility will also be explored for actions involving water and energy. Specific opportunities for the development of regional energy activities, together with international private sector operators, under combined EIB support will also be explored.

The EU Energy Initiative Finance Working Group (led by the Netherlands) will finalise its work on a financing strategy for the Initiative.

vii) Link with other international activities

A general theme of the following 12 months will be the continuation of dialogue and co-operation with other key initiatives, to ensure that the various initiatives are complementary and do not overlap. These initiatives include the Johannesburg Renewable Energy Coalition (JREC), with its secretariat based in the EU Commission's Directorate-General for the Environment, the Global Village Energy Partnership (GVEP), currently based within the

World Bank but likely to move in the near future, the Global Network on Energy for Sustainable Development (GNESD), based at UNEP in Denmark, and the Global Forum on Sustainable Energy in Austria (GFSE). The Initiative strives to work with these and other ongoing sustainable development efforts, whenever this supports co-operation and contributes to the development of national and regional partnerships.

ANNEX III

The EU Initiative for Forest Law Enforcement, Governance and Trade (FLEGT)

Illegal logging and the associated trade in illegal timber contribute to the rapid loss of global forests. This rapid destruction adversely affects many of the world's poorest people, who depend on forest resources for a living. Illegal logging fuels corruption and undermines the rule of law in many wood-producing countries. It also deprives governments of vital revenues from forest operations, which could be used for poverty reduction programmes. The World Bank estimates that developing country governments are currently losing some US\$10-15 billion annually due to illegal logging.

In Johannesburg the European Commission made a commitment to work together with wood-producing countries to stop this destructive problem. To honour this commitment, the Commission published in May 2003 an EU Action Plan for Forest Law Enforcement, Governance and Trade². The Action Plan sets out a wide ranging package of measures to address the problem, including measures in both producing and consuming countries.

A key element of the Action Plan is a series of voluntary (but binding) partnership agreements with wood-producing countries and regions. Through these partnerships, the EU and partner countries will set up a licensing scheme to ensure that all timber exports to Europe are legal. The partnerships will also encourage governance reforms in wood-producing countries, particularly to promote greater equity and transparency in the forest sector.

Work is underway to build the partnerships required to implement the Action Plan. In **Asia**, the Commission has had high-level bilateral contacts with Indonesia, Malaysia and Vietnam. A large pilot programme on forests and governance is being prepared in Indonesia, and a €2m illegal logging response centre is now operational. The experience of working together with Indonesia to combat illegal logging has provided valuable lessons for building partnerships in other parts of the world.

In **Africa**, to raise awareness and build high-level political commitment, the Commission provided a grant of €500,000 to support the Africa Ministerial Conference for Forest Law Enforcement and Governance (AFLEG), which took place in Cameroon from 13-16 October 2003. The event was organised by the World Bank, with additional funding provided by France, the UK, the US and Switzerland.

A total of 39 countries, including 31 from Africa, were represented by ministers or senior officials. Governments present negotiated and adopted a declaration of setting out their commitment to combat illegal logging and failings of governance in the forest sector.

The event provided an opportunity to present the EU FLEGT Action Plan to African countries and begin dialogue on this subject.

The Commission will also continue to build on bilateral contacts on the issue of illegal logging with **Latin America** and **Russia**.

² Forest Law Enforcement, Governance and Trade: Proposal for an EU Action Plan. COM (2003) 251

ANNEX IV

EU follow-up of the main WSSD Commitments

WSSD Commitment	Action undertaken	Ongoing EU activities
Ensure policy coherence	<p>The range of instruments available under the Common Agricultural Policy has been further developed with the 2003 CAP reform and farmers are requested to comply with environment, food quality and animal welfare standards (cross-compliance). The fisheries reform includes sustainability concerns.</p> <p>Moves towards increased sustainability of transport and energy policies</p> <p>The impact assessment mechanism allows upstream analysis of potential economic, social and environmental effect of EU policy decisions</p> <p>Environmental integration strategies prepared by different Council formations (“Cardiff process”)</p> <p>Establishment of the “Green Diplomacy” network, at the Thessaloniki European Council Conclusions</p>	<p>Improvement of policy coherence at EU and Member State level to improve synergies while avoiding detrimental impacts both within the EU and in third countries</p> <p>Implementation of the reform of the Common Agriculture Policy decided in 2003 and continuation of the reform process for the leftover agricultural sectors</p> <p>Implementation of the reform of the Common Fisheries Policy</p> <p>Integration of environment into other policy areas where environmental pressures are particularly high such as transport, energy and industry and reinvigoration of the Cardiff process</p> <p>Assessment of economic, social and environmental impacts of major policy proposals and of trade negotiations</p> <p>Launching of the Green Diplomacy Network, in line with the Thessaloniki European Council conclusions, and of the informal coherence network on development cooperation, in line with art. 179 EC Treaty</p> <p>Improvement of the</p>

		integration of CSR principles into EU policies, where appropriate.
<p>Sustainable Management of the Natural Resource Base</p> <p>Reverse the current trend in natural resource degradation as soon as possible by implementing strategies that include targets to protect ecosystems and achieve integrated management of land, water and living resources, while strengthening regional, national and local capacities.</p> <p>Halt the decline of fish stocks.</p> <p>Protect marine areas.</p> <p>Significantly reduce the rate of biodiversity loss by 2010. The EU set up a more ambitious target: to halt biodiversity loss by 2010</p>	<p>Development of thematic strategies under the 6th Environment Action Programme (EAP)</p> <p>Broad consultative review of EU biodiversity policy</p>	<p>Review of the EU's biodiversity policy and develop action plans on marine and soils strategies</p> <p>Development of a strategy to promote a more sustainable use of resources</p>
<p>Sustainable consumption and production</p> <p>Encourage and promote the development of a 10 year framework of programmes to accelerate the shift towards sustainable patterns of consumption and production</p> <p>Minimise the harmful effects of chemicals (especially by ensuring that, by 2020, chemicals are not used in ways that harm human health and the environment)</p>	<p>A broad mix of policies and tools to promote sustainable consumption and production is in place in the EU such as IPPC (Integrated Pollution Prevention and Control), EMAS (EU Eco-management and Audit Scheme), Eco-Label and Integrated Product Policy (IPP)</p> <p>Proposal for a new chemicals policy : REACH, "Registration, Evaluation and Authorisation of Chemicals"</p> <p>Development of environmental technologies through -inter alia- ETAP</p>	<p>Implementation and development of existing measures and instruments to provide incentives for more sustainable products and services and to internalise social and environmental externalities. This includes inter alia objective, transparent and non-discriminatory voluntary labelling schemes based on ILO core conventions or recognised environmental standards as well as support to developing countries to use those schemes, including through capacity building and by supporting efforts to include the transparency, availability and non-</p>

		<p>discrimination of schemes</p> <p>Focus on sectors where emissions continue to grow, especially transport and energy</p> <p>Reform of chemicals policy</p> <p>Support to the development and use of environmental technologies, inter alia, by implementing the actions put forward in the Environmental Technology Action Plan</p>
<p>Poverty reduction</p> <p>Eradicate Poverty, ensure effective follow up to the commitment made in Monterrey on official development aid</p>	<p>At the Barcelona European Council in March 2002, the EU undertook eight commitments as its contribution to the Monterrey Conference</p> <p>First follow up report issued in March 2003</p>	<p>Work to ensure timely delivery of the eight Monterrey commitments, including on increasing the volume of Official Development Assistance (ODA)</p> <p>Annual monitoring of follow-up to commitments, as decided by the General Affairs & External Relations Council of May 2003</p>
<p>Water, energy and forests</p> <p>Halve the number of people without access to safe drinking water and basic sanitation by 2015</p> <p>Increase access to modern energy services, energy efficiency and the use of renewable energy and support the target set out in the New Partnership for Africa's Development (NEPAD) to ensure energy access for at least 35% of Africans in the next 20 years</p> <p>Urgently and substantially increase the global share of</p>	<p>Launching of the EU Water initiative (EUWI) as the main tool contributing to the water and sanitation WSSD goal</p> <p>Launching of the EU energy initiative (EUEI) to improve access to adequate, sustainable and affordable energy services in rural, peri-urban and urban areas, in order to reduce poverty and support achievement of the MDGs</p> <p>Establishment of the Johannesburg Renewable Energy Coalition aiming to set targets and timeframes for increasing the share of</p>	<p>Provision of adequate financing for the initiatives through, inter alia, the upstream support of private public partnerships, and adoption of the Commission's proposal to implement the ACP-EU Water Facility</p> <p>Intensified dialogue with stakeholders and beneficiaries at national and regional level, including through further involvement with NEPAD, to highlight the role of water, energy and forests in national and regional poverty strategies</p> <p>Development of ownership</p>

<p>renewable energy</p> <p>Sustainable forest management</p>	<p>renewable energies in their overall energy mix</p> <p>Forest law Enforcement, Governance and Trade (FLEGT) action plan</p>	<p>among stakeholders and beneficiary countries</p> <p>Work towards greater synergies between the EU initiatives and other relevant initiatives</p>
<p>Sustainable and trade globalisation</p>	<p>Inclusion of sustainability concerns in regional and bilateral trade negotiations</p> <p>Support access to EU market from developing countries. The EU is the largest donor in trade related assistance</p> <p>Encouragement of trade in environmentally friendly goods</p> <p>Sustainability Impact Assessments – SIAs – to internalise sustainability considerations into the European trade policy</p> <p>Sustainability requirements integrated in the EU’s negotiating position for the WTO round</p> <p>Support to CSR codes such as the OECD guidelines for multinational enterprises, to ILO core conventions and to CSR references in trade agreements. EU multi stakeholder forum on CSR dialogue on promoting CSR in the EU and beyond</p>	<p>Participating in WTO negotiations in accordance with the Doha Development Agenda, particularly with a view to allowing developing countries to effectively integrate into the world trading system.</p> <p>Strengthening of the sustainability dimension of regional and bilateral trade agreements under negotiations.</p> <p>Strengthening of international economic governance through co-operation between the WTO and Bretton Woods institutions and achieve mutual supportiveness between trade and environment through co-operative arrangements involving the WTO, UNEP/MEAs and UNCTAD;</p> <p>Promotion of trade in environmentally friendly goods, notably from developing countries, through the Trade Helpdesk, support to STICS and other measures.</p> <p>Work on capacity building and technical assistance programmes to help developing countries expand exports and develop policy</p>

		<p>responses to sustainability challenges. Support a strategic partnership between the WTO and other relevant international organisations involved in trade assistance and capacity building for sustainable development.</p> <p>Improvement of the draft OECD recommendation on export credits and the environment, with a view to its formal adoption early in 2004.</p> <p>Work to strengthen corporate social and environmental responsibility, including the contribution by EU companies to sustainable development in third countries, and implement the OECD Guidelines for multinational enterprises.</p> <p>Contribute to the follow-up and implementation of the report of the WCSDG.</p> <p>Development of SIA methodology and dialogue with stakeholders involved in the SIA-process.</p>
<p>Governance for sustainable development</p>	<p>Establishment of the “Ad Hoc Working Group on the Integrated and Coordinated Implementation of and Follow-up to the Outcomes of the Major United Nations Conferences and Summits in the Economic and Social Fields” and adoption of CSD work programme</p> <p>Development of strategic partnerships between the UN and UN agencies, funds and programmes</p> <p>The March 2003 European</p>	<p>Work to strengthen the multilateral system of governance and the role of the United Nations in international co-operation for sustainable development as well as strengthening international environmental governance, in line with the European Council conclusions of March 2003.</p> <p>Promotion of integrated and coordinated follow-up to the major UN conferences</p> <p>Supporting CSD as the main</p>

	<p>Council pleaded for a strengthened “international environmental governance which could lead to the upgrading of UNEP into a specialised UN agency with a broadly based mandate on environmental matters”</p> <p>Support to the establishment of poverty reduction strategies which include good governance</p>	<p>international monitoring forum for the follow-up to the Johannesburg Plan of Implementation, as well as to regional follow-up.</p> <p>Active participation in work to establish a ten-year framework of programmes on sustainable consumption and production.</p> <p>Supporting the development and implementation of national sustainable development strategies - where applicable formulated in the context of poverty reduction strategies - by 2005 by all countries.</p> <p>Promotion of a more active role for civil society and the private sector by supporting relevant initiatives launched at the WSSD in this regard (e.g. Partnership for Principle 10 on access to information and public participation).</p> <p>Active contribution to the development of frameworks for regional and sub-regional cooperation within existing structures (e.g. UN Regional Commissions), as well as support to ongoing initiatives like the New Partnership for Africa’s Development (NEPAD).</p>
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