



EUROPEAN REPORT ON DEVELOPMENT 2012

**Effective natural resource management for inclusive and sustainable growth in
the context of increased scarcity and climate change:
*what role for the public and private sector?***

**Consolidated response by ERD2012 team to the comments by the ERD steering
committee on the ERD 2012 draft outline.
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We very much welcome the comments on the ERD2012 outline. We regard them as supportive of our general thinking, following the successful ERD consultation on 6 April, and we would be glad to incorporate them as suggested below. The comments also suggest that we need to narrow down on the scope and methodologies and there also some interesting and additional issues we are being asked to consider.

Point 1

We are grateful that you welcome the outline draft on ERD 2012 “Effective natural resource management for inclusive and sustainable growth in the context of increased scarcity and climate change: what role for the public and private sector?” We suggest we post the ERD outline on the web, and state that this is being developed further. If you wish to indicate the exchange we have had, your comments could also be posted next to the Outline.

Point 2

We agree that biodiversity and forestry are important issues and will include them. In particular biodiversity protection is an important condition of inclusive and sustainable growth (e.g. avoiding irreversible environmental change while achieving growth) and it is also a key outcome against which NRM policies would be assessed (inclusive and *sustainable* growth). Forestry is likely to be one paper / item for the chapter on land. However, we think it is essential to keep energy in the nexus for a number of reasons:

- The positive response we got to the WEL nexus framework at the Brussels consultation confirmed to us, in our view, that this is a nexus of three elements that hang together well and that people understand and of which they recognise the integrity. We believe that all three elements have their place in the analysis and clearly interconnect and relate to each other. From the conclusions of Prof. Bourguignon and others we think this could well be one of key defining features of this report that will set it apart from others. We would therefore be reluctant to see any one of the three removed.
- The recent literature (WEF and others) do all see a clear and explicit link amongst land, water and energy. This is what motivates the choice of topics/issues in the rest of the report. Without it, the report will lack clarity and coherence. If there is a need to narrow down (and we agree with that), it needs to be done by narrowing down the topics within each chapter, not by limiting the broad pillars of the WEL nexus. The current activities are meant to do exactly that.
- We have identified the WEL nexus as a distinctive approach of the ERD, for two reasons: first, water, land and energy are fundamental inputs for economic activities and thus for sustainable and inclusive growth; second, their interrelations are increasingly important due to scarcity and climate change and thus set the context for NRM. Energy is one component within this nexus, and we think it is essential to have one chapter on each component (in the end water, energy and land need to be managed taking into account their interrelations) rather than relegate them to sub chapters; each chapter is expected to bring out interrelations.
- Energy is a key topic in the EU green paper, a key issue at Rio+20 (a target event) and in the green economy concepts to be discussed there. A key component in the new context for NRM is climate change (the world will have to go through a transition to a low carbon economy), and energy efficiency as well as renewable energy technologies are key issues within this.

- Access to energy is really important for inclusive and sustainable growth (binding constraint to growth in many countries); overcoming energy poverty while avoiding climate change and further environmental degradation are key scarcity issues which many would agree need to be discussed in this report on NRM.
- The energy chapter can exemplify the roles of the private and public sectors nicely (in promoting energy efficiency, in providing finance for renewable energy, in fostering sustainability-oriented innovations), and the chapter will also help to illustrate the suitability of the analytical framework.
- Energy is a very topical issue due to high and volatile oil prices (which might be here to stay for some time due to the rise of emerging powers); energy demand and speed in transforming the energy sector towards renewable sources will be very important for trends affecting water and land in the next decade.
- The EC COM, 2003, cited in the ERD outline, suggests forestry is only one of 5 uses of land; energy is included in the definition of NRM as a flow resource.

Point 3

Emerging markets are important as drivers and we aim to deal with this in chapters 2 and 3. We will also clarify the links between the WEL nexus and a country's ISG (there are direct and indirect linkages) which manifests itself in the issues we will analyse in chapters 5-7. Hence we will develop further the motivation for sectors and issues included later in the report.

Point 4

Most of the paragraphs in Section 4 have useful ideas which will support our thinking, e.g.

- Key question on private sector which we also aim to ask: "how far will it solve these problems on its own"
- Clearly setting limits of market mechanisms and requirements for intervention of public sectors in developing countries and, in support of that, by donors (see some of the frameworks in chapter 4)
- Need for a clearer distinction between actors and mechanisms (this is implicit e.g. in SBRs, which is a set of economic and political rules of the game within which private, public and other actors play the game)
- Need to build on existing institutions rather than starting from scratch
- Analysis of how local populations and firms already use/manage NR as an entry point to the case studies (i.e. what is the relationship with ISG)

Point 5

Interesting to include more drivers, but we have three key drivers which set the context for this ERD: population growth (and growing middle classes with considerable aggregate purchasing power), on-going economic globalization and global environmental change which lead to increased scarcity of fundamental natural resources, climate change being the main irreversibility to be avoided. The other trends are important, but at a different level.

Point 6

Agree entirely.

Point 7

We will continue to review the structure. We are planning to include a summary / lessons learned from the case studies in chapters 5-7 themselves, although we also think that Chapter 8, 9 and 10 would all serve that function. Perhaps there is a need for another chapter. But we would prefer to review this in mid-2011 once the first round of consultations has been completed.

Point 8

On the structuring of chapter 10, we will look into this.

Point 9

Will be mentioned as one issue in chapter 2 and 3 and in the other chapters if and when appropriate, though it is not seen as a central concern in ERD 2012.

Point 10

Small scale farmers like large scale farmers are included in the private sector, so yes they will be covered if and when appropriate.

Point 11

If and when appropriate, we will include a discussion of this in chapter 10.

Point 12

The point on social innovation is very good and we will reflect on it and we would expect to incorporate in an appropriate place in the analysis.

Point 13

If and when appropriate, we will include a discussion of this in chapter 10.

Point 14

Good idea – any suggestions how to make the link?

Point 15

Thank you for these suggestions.

Point 16

We will consider these issues. The wider focus on biomass includes more options than just looking at biofuels.

Point 17

On CSR – all of this is very useful for chapter 8. Of course core activities of business are different from CSR activities and we need to separate the two.