



# HOT TOPICS IN CLIMATE CHANGE AND AGRICULTURE

Brussels, 28 June 2012

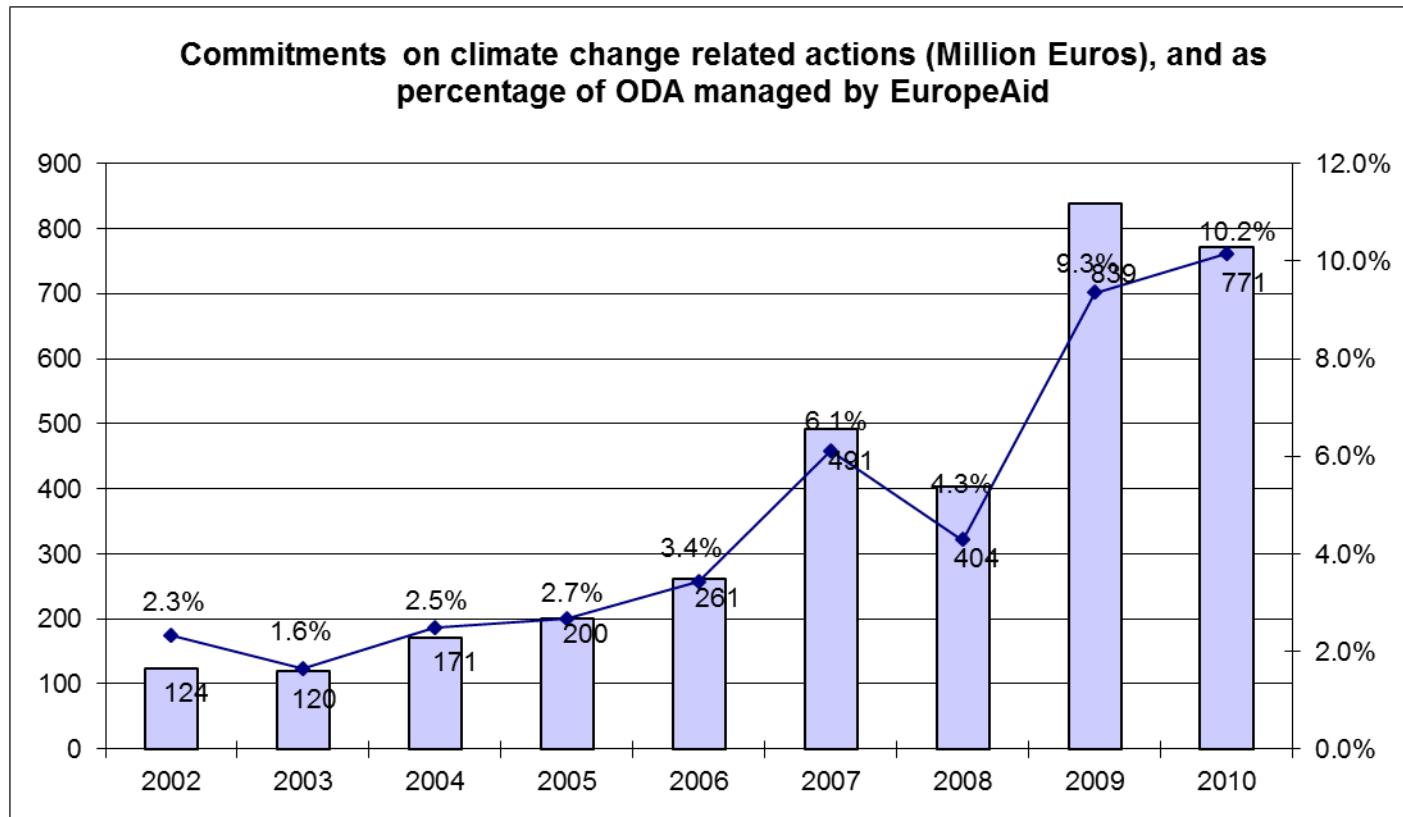


# CLIMATE CHANGE FINANCING in EU Aid Cooperation

present and future

## GENERAL TREND

- EC Commitments for climate related interventions are globally increasing since 2002 – total of over €3bn – on average 7 to 8% over period 2007-2010





## 1. GEOGRAPHICAL INSTRUMENTS – BILATERAL COOPERATION

- Core of EC Cooperation, represent approximately ¾ of climate related commitments

## 2. GEOGRAPHICAL INSTRUMENTS – REGIONAL COOPERATION

- SWITCH-Asia programme, budget € 90M – targets SMEs for a cleaner and more energy efficient industry in Asia.
- EU-Pacific cooperation: 2008 Joint [EU-Pacific Islands Forum Declaration](#) and the 2010 Joint Initiative. By 2012, all Pacific ACP countries will have benefited from additional EU funding for climate change, notably with 38.3 million euro from the EU's Global Climate Change Alliance, on top of the regular 2008-2013 EDF allocations. In addition, we are working with Pacific partners on a further financial package to support a "[Joint Plan of Action on climate change](#)" focusing on three crucial areas: disaster risk reduction; renewable energy and energy efficiency; and community resilience to climate change.
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### 3. THE INTRA ACP COOPERATION

#### ➤ THE ACP-EU ENERGY FACILITY

It aims to alleviate poverty by increasing access to adequate, affordable and sustainable energy services to poor people.

**It was allocated €220M under the 9th EDF and €200M under the 10th EDF**

#### ➤ WATER FACILITY

It aims to improve water governance and capacity building as well as Integrated Water Resources Management practices in ACP countries

**Allocated € 500M under the 9th EDF, extended in the 10th EDF with €212M**

- A total of 272 projects selected and implemented: African countries (89.9%) Caribbean region ( 4,7%) and Pacific region ( 5,4%).
- Expected results: give access to safe drinking water for **17.8 million people**, improve sanitation facilities (**6.3 million people**) and hygiene education programmes (**17.5 million people**) improve water and sanitation sector management in more than **50 ACP** countries.



➤ **DISASTER RISK REDUCTION Programme:**

Under the 10th EDF, € 180M foreseen in the Intra ACP-programme to support DRR in ACP countries.

Aim is to build on the **ACP-EU Natural Disaster Facility**

- Target: Early Warning Mechanisms, Capacity Building, risk transfer, integrate DRR in prevention mitigation, preparedness, response, reconstruction and development

2011: contribution of **60M to the Global facility for Disaster Reduction and Recovery (GFDRR)** managed by the WB – four priority areas

- 1) mainstreaming of DRR
- 2) risk identification and assessment
- 3) early warning and communication on DRR
- 4) risk transfer

**120M to be committed** – aim to implement AU's Caribbean and Pacific DRR Strategies



## 4. THEMATIC INSTRUMENTS

- **The Environment and Natural Resources Thematic Programme, including energy (ENRTP)**
  - Main financing instrument for cooperation in the field of environment – accounts for about ¼ of the commitments related to CC
  - Contributes to Climate Change, Adaptation and Mitigation working on forests, biodiversity or energy
  - **€ 1bn for the 2007-2013 period**
- **The Global Energy Efficiency and Renewable Energy Fund (GEEREF)**
  - Seeks to accelerate the deployment of renewable energy technologies to developing countries
  - Public Private Partnership offering risk sharing and co-funding to investors
  - Fund of funds
  - Initial investors: EC €75M, Germany € 24M and Norway €9M
- **Global Climate Change Alliance (GCCA)** : Launched in 2007, aims at strengthening political dialogue with developing countries and to support their efforts to adapt at and mitigate CC effects
  - Least Developed Countries and Small Island Developing states are focal countries
  - Priorities: improved integration of CC in developing countries; REDD+; DRR; enhanced participation of LDC's in carbon market mechanisms; adaptation in water and agricultural sectors
  - Since 2008: over €200M allocated in support of 31 programmes in 25 countries across the world – additional 11 countries expected to benefit



## 5. OTHER BUDGET LINES FINANCING CC RELEVANT ACTIVITIES

- **Non state Actors and Local Authorities budget line** focuses on capacity building and awareness raising on Climate issues, ensuring participation of civil society in international fora
- **Food Security budget line (FSTP)**: supports the fight against erosion and desertification and sustainable agriculture.
  - Important research programme financed through the Consortium of Agricultural Research Centres, the "**CGIAR Research Programme on Climate Change, Agriculture and food**" → agriculture both cause and victim of CC
  - EC provided **€5M to CCAFS under FSTP 1** and is planning a similar allocation under FSTP 2, with a geographical focus on West Africa, including the Sahel



## 6. BLENDING FACILITIES

- **EU regional Blending Facilities:** Combine grants with additional flows ( such as loans and risk capital) to gain financial and qualitative leverage and thus improve EU policy impact
  - EU-Africa Infrastructure Trust Fund (**ITF**)
  - Investment facilities for the Neighbourhood (**NIF**) Latin America (**LAIF**) and Central Asia
  - With three new facilities for Asia, the Caribbean and the Pacific, worldwide coverage is provided since early 2012
  - Since 2007, €760M EU grants have been committed – EU grants contribution have leveraged approx. €10bn of loans by European Finance Institutions, unlocking total of at least €26bn.
  - More than 50% of EU grants contributions in the facilities support CC related projects.
  - Specific climate change windows set up for blending facilities, to allow transparent tracking of CC



## 7. CLIMATE CHANGE FINANCING: FUTURE PERSPECTIVES AND CHALLENGES

- EU's share in the collective commitment of mobilising 100 p.a. by 2020 to support developing country efforts to address CC"
- Communication "A budget for Europe" for the next MFF 2014-2020: proposal of **20% of overall budget to be "climate relevant"** – to be reflected in Commission's external Action
- In 2010 DEVCO's climate related financing reached around 10% of total annual expenditure. The amount is approx 2.5bn (Budget+EDF)
- Need to **work closely with programming services and line DGs** to meet the 20% MFF Objective and to promote ambitious climate action.
- Aspiration should be to ensure **6-7bn of Climate finance inside the DCI** - so 25%-30% mainstreaming within the DCI (23bn total size of proposed DCI)
  - **€2bn** dedicated thematic funds foreseen under the Global Goods and Challenges GPGC for the Climate and Environment envelope
  - **€1.5bn** from the Energy and Food security pillar
  - Remaining **€2.5- € 3.5bn** to come from mainstreaming CC in national regional geographic programmes



- EDF and ENP should also contribute to the 20%target
  - **€7bn for Climate related actions in the EDF €34bn total**
- **"Agenda for Change"** – energy and agriculture focal areas chosen by delegations and beneficiaries for increased intervention
- **Global Public Goods and Challenges**
  - Key role in climate financing policy
  - Suggestion of potential candidates of the funds
    1. Contribution to global funds: **Green Climate Fund, adaptation fund, LDC Fund, Climdev fund (AfDB) etc.**
    2. Contributions to own mechanisms and follow-ups: **Climate windows of EU regional blending facilities, GEEREF, GCCA + , SE4ALL, Energy Facility**
    3. **Support to the development of Low Emission and Climate Resilient Development Strategies (LECDRS), National Appropriate Mitigation Actions (NAMAs), National Adaptation Plans( NAPs)**
    4. **Support to research and technology transfer and capacity building**



## 8. TOOLS AND METHODS - GUIDELINES

### Existing

Guidelines for Integrating ENV and CC in development cooperation, 2009 (updated with CRA in 2011)

Sector Scripts for Climate Change, 2009

TOR for Country Environmental Profiles, Strategic Environmental Analyses, Climate Risk Assessments, Environmental Impact Assessment

### Future

Programming Guidelines (NB! 20% for Climate Related Actions)

Programme and Project Cycle Management Guide (2012)

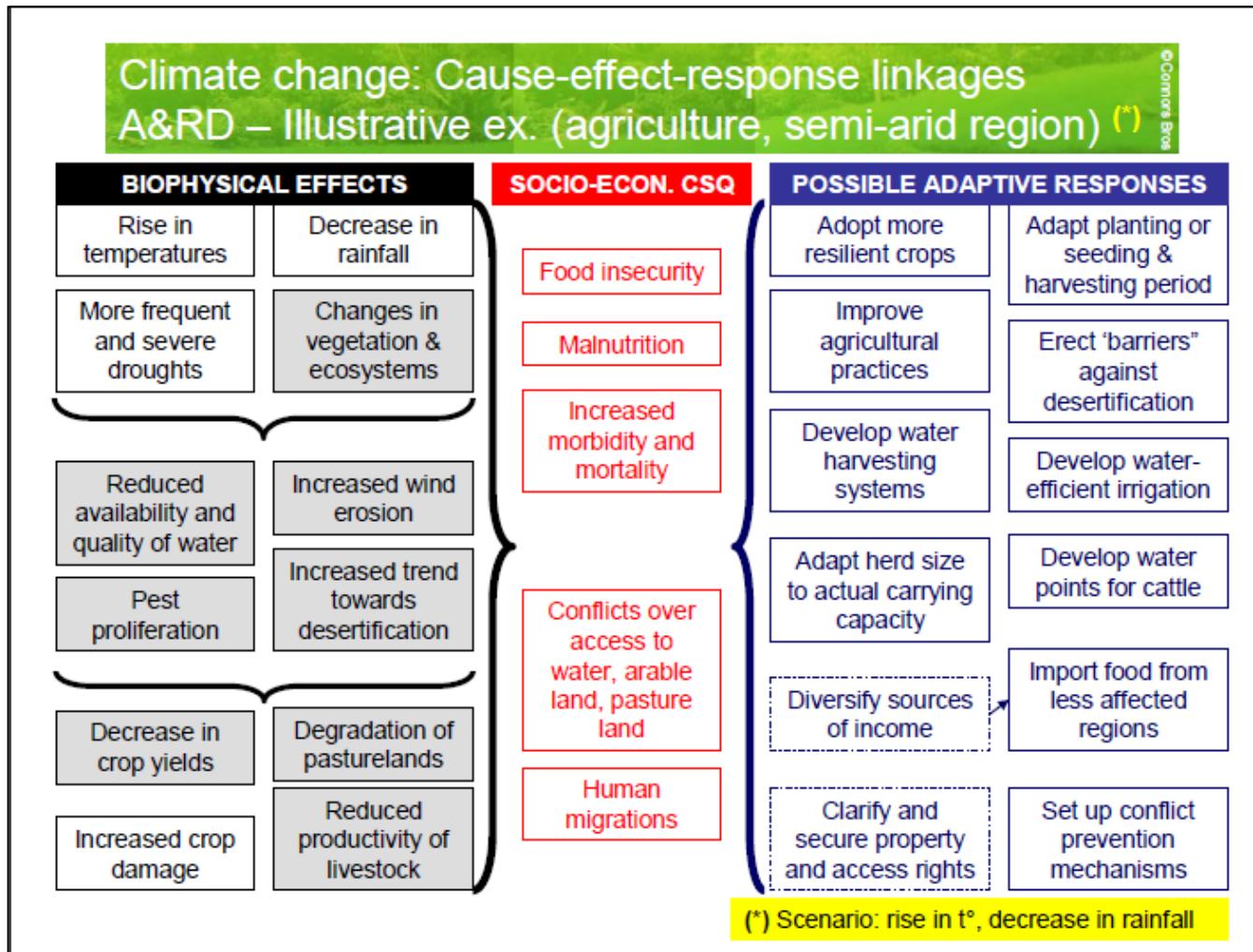
Guidance Notes for integrating ENV and CC in seven key (7) sectors (2012)



## 9. SECTOR SCRIPT - AGRICULTURE

- How climate change might affect the agriculture sector
- Adapting to climate change in the agriculture sector
- Opportunities for reducing GHG emissions in the agriculture sector

## SECTOR SCRIPT - AGRICULTURE





## FINAL MESSAGE

### WHAT CAN YOU DO? GO FORTH AND BE SUSTAINABLE! ☺

- ◊ **Integrate CC and ENV in country programming / work with partner country (also in context of “green economy”)**
- ◊ **Beware of “maladaptation”**
- ◊ **Use / refer to SEAs & CRAs**
- ◊ **CC not only a constraint but does offer “possibilities”**