

EN



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 15.7.2008  
SEC(2008) 2319

**COMMISSION STAFF WORKING DOCUMENT**

**IMPLEMENTATION FRAMEWORK OF THE GLOBAL CLIMATE CHANGE  
ALLIANCE**

## COMMISSION STAFF WORKING DOCUMENT

### IMPLEMENTATION FRAMEWORK OF THE GLOBAL CLIMATE CHANGE ALLIANCE

#### 1. INTRODUCTION

The European Commission proposed, in September 2007, the building of a Global Climate Change Alliance (GCCA) between the European Union and those developing countries which will be hit hardest by the impact of climate change, in particular Least Developed Countries (LDC) and Small Island Developing States (SIDS)<sup>1</sup>. Whilst the European Union previously adopted ambitious policies for the reduction of its greenhouse gas emissions<sup>2</sup>, it had not foreseen an explicit engagement with poor developing countries on climate change beyond the UN negotiations and a few bilateral cooperation activities.

The Council, in its Conclusions of 20 November 2007, welcomed the timeliness and purpose of the proposal, noting the Commission's invitation to Member States to join the initiative and dedicate part of their agreed commitments to increase Official Development Assistance (ODA) over the coming years. In order to facilitate their decision-making, Member States asked the Commission for a detailed plan for implementing the initiative. The Council also invited the Commission to consider innovative means of financing.<sup>3</sup> In their recent Conclusions on speeding up progress towards the achievement of the Millennium Development Goals, EU Heads of State and Government recognised climate change as a new challenge to development, and committed the EU to working for the effective implementation of the Global Climate Change Alliance, and to mobilising a sufficient level of financial resources to combat the negative impact of climate change.<sup>4</sup>

The European Parliament has been strongly supportive of the GCCA, calling for a substantial long-term financing goal for the initiative, in the order of at least €2 billion annually by 2010 and €5 to 10 billion annually by 2020, guaranteed by both the European Commission and Member States.<sup>5</sup> Current levels of ODA will not be sufficient to cover these amounts. In accordance with the Council's invitation to consider innovative means of financing, the Commission is working on the idea of a Global Climate Financing Mechanism (GCFM).<sup>6</sup> The GCFM would frontload grants to support adaptation in vulnerable countries using guarantees linked to future ODA commitments and in particular to revenues from auctioning emission rights under the EU Emission Trading Scheme.

---

<sup>1</sup> COM(2007) 540. Building a Global Climate Change Alliance between the European Union and poor developing countries most vulnerable to climate change. 18 September 2007.

<sup>2</sup> COM(2007) 1 and COM(2007) 2: climate change and energy package. January 2007.

<sup>3</sup> Council of the European Union, Brussels, 20th November 2007, document 15103/07.

<sup>4</sup> Council of the European Union, Brussels, 20th June 2008, document 11018/08.

<sup>5</sup> Wijkman, A., EP Rapporteur. Draft Report on building a Global Climate Change Alliance between the EU and developing countries most vulnerable to climate change, 20th May 2008.

<sup>6</sup> European Commission/World Bank. Global Climate Financing Mechanism (GCFM): International Finance Facility for Climate Change. Draft Issues Paper, 15th April 2008.

The GCCA is an important element of the external relations dimension of the climate/energy policy proposals of the Commission. It is designed to give a strong signal to the most vulnerable developing countries that the EU is ready to increase its support to cope with the effects of climate change.

This document elaborates on the Commission's proposals for the implementation of the Global Climate Change Alliance. It briefly presents the Alliance, and its added value; defines the overall purpose of the political dialogue and cooperation pillars, including immediate activities for 2008; and outlines practical ways for ensuring a coordinated approach by all EU donors.

## **2. THE GLOBAL CLIMATE CHANGE ALLIANCE**

### **2.1. Brief presentation of the GCCA**

The overall objective of the GCCA is to help poor developing countries most vulnerable to climate change, in particular Least Developed Countries (LDCs) and Small Island Developing States (SIDS),<sup>7</sup> to increase their capabilities to cope with the effects of climate change, in support of the achievement of the MDGs, and to have their voice better heard in the international climate change negotiations.

The primary target group of the GCCA are LDCs and SIDS, the underlying assumption being that these are the countries which are most vulnerable to the impact of climate change, and which have the least resources, both human and financial, to address them. The GCCA builds on the Bali Action Plan which emphasises enhanced action on adaptation, in particular with LDCs, SIDS and the countries of Africa affected by drought, desertification and flooding.<sup>8</sup>

The GCCA consists of two separate, but closely linked, strands of activities. Firstly, it will act as a forum for political dialogue and exchange between the EU, and poor developing countries most vulnerable to climate change, in particular LDCs and SIDS on climate change, at global, regional and national levels. The purpose of this dialogue is twofold: (i) it will promote a shared vision regarding climate change policy. This includes finding common ground and jointly advancing the international negotiations on an ambitious climate change regime after 2012 with application of the principles of common but differentiated responsibilities and respective capabilities; (ii) it serves to exchange experience, to promote measures to integrate climate concerns into poverty reduction strategies and budgetary allocations, and to define needs and priorities for cooperation at national level.

The second strand is concerned with stepping up concrete cooperation. The GCCA Communication described five main areas of support which are of particular relevance to the poverty reduction efforts of the targeted group of countries: (1) adaptation to the effects of climate change, where the agriculture, water and natural resources management sectors are of particular relevance; (2) disaster risk reduction to face the trend of increasing frequency of and damage caused by climate-related natural disasters; (3) halting deforestation, a major factor in the loss of ecosystems and livelihoods and in increasing vulnerability to natural disaster; (4) participation in and benefit from the global carbon market, primarily through the Clean Development Mechanism, as a source of investment in sustainable development and

---

<sup>7</sup> This includes only those island states which are recipients of Official Development Assistance (ODA).

<sup>8</sup> [http://unfccc.int/files/meetings/cop\\_13/application/pdf/cp\\_bali\\_action.pdf](http://unfccc.int/files/meetings/cop_13/application/pdf/cp_bali_action.pdf)

vehicle for technology transfer; and last but not least, (5) integration of adaptation to climate change and low-carbon development imperatives into poverty reduction strategies, sector strategies and programmes and their financing. Efforts in these areas are, of course, complementary to existing related initiatives.<sup>9</sup>

The GCCA renews the Commission's commitment to climate-proofing its cooperation activities. The mechanisms and tools to do this are currently being developed, taking into account the work done by the OECD task team on integrating climate change adaptation into development cooperation. Annex I provides an update on the Commission's efforts in this respect. In the spirit of the 2005 Paris Declaration, the GCCA seeks to align its support for national policies and programmes on adaptation as well as national planning and implementing structures. Furthermore, it is an attempt at improving EU donors' coordination and harmonisation of practices in the field of climate change adaptation.

## **2.2. GCCA's added value and articulation with other climate change initiatives**

The GCCA's added value lies in its European approach and in its objective to start developing immediately an innovative way of addressing climate change and its effects in most vulnerable developing countries. In its current format, the GCCA complements other climate change initiatives, but close coordination throughout implementation — in particular at country level — will be pivotal.

### ***2.2.1. The European dimension***

The Global Climate Change Alliance complements the EU's ambitious climate change mitigation policies with an EU answer to the development dimension of climate change. It also complements the set of EU climate change partnerships with major emitting developing countries (e.g. China, India, Brazil, South Africa) with outreach towards those developing countries which will be hit "earliest and hardest" by climate change, and where early adaptation action is key. The GCCA has a strong political dimension, making climate change a priority issue in the relations between the EU and the world's poorest countries. It aims to achieve a convergence of visions in the UN climate change negotiations between these two groups of states, which have a shared interest in achieving the most ambitious outcome in the negotiations for a post-2012 climate change regime.

By proposing this initiative the European Commission is playing its role as a federator of an EU response to the development dimension of climate change. The GCCA is intended as a forum for coordination of the many ongoing bilateral initiatives taken by EU Member States and the European Commission in this area. Through its wide network of delegations, and its established policy dialogue with partner governments, the European Commission has the appropriate channels to effectively introduce this issue of global concern into the national developing country policy context.

---

<sup>9</sup> Part of the dedicated forest funding under the Environment and Natural Resource Thematic Programme, including energy (ENTRP) will also contribute to the objectives of the GCCA. €4 million were dedicated to CDM capacity building under the 9th EDF, in support of UNEP Risoe (see <http://uneprisoe.org/>). Total EC funding specifically targeting one or more of the GCCA priority areas, i.e. geographical (10th EDF), thematic (food security, environment) and research programmes totals at least 300 M€ over the next six years, including flagship programmes such as Forest, Law Enforcement, Governance and Trade (FLEGT), the EC-ACP Natural Disaster Facility and agricultural research (e.g. support for CGIAR). Another relevant initiative in this context is the JRC ACP Observatory.

### ***2.2.2. Channelling adaptation funds more effectively***

Current estimates of the future financial flows needed for adaptation actions in developing countries by 2030 range between \$10 and 80 billion per year (including contributions by the private sector). This wide range of estimates reflects that a precise definition of adaptation, adaptation needs and their costs has not yet been agreed. In any case, ODA will not be sufficient and therefore innovative funding sources (such as the GCFM) are being explored.

Raising funds and redirecting financial flows of this magnitude will be a big challenge. Demands for significant additional funding to developing countries for climate change adaptation will need to be accommodated, and efficient channels established to transfer resources and implement actions.

There is significant potential for increased use of budget support as an aid delivery mechanism for adaptation financing.<sup>10</sup> In particular, it is necessary to move from project-specific towards macro or sector-level support, thus enhancing the scope for policy dialogue, and a cross-sectoral approach towards better climate risk management. This would also ensure that climate change adaptation is no longer dealt with exclusively by environmental ministries, but is integrated into a country's overall development effort.

The Commission acknowledges the challenge of turning this potential into reality because of the lack of previous experiences, ready-made strategies and indicators to measure progress and results. Setting up such programmes will be challenging and requires careful preparations. At the same time, the European Commission currently disburses approximately 25% of its development cooperation through general and sector budget support programmes, involving more than half of its partner countries. Given its experience with budget support, it is well placed to pilot this aid delivery modality also in the area of climate change adaptation.

### ***2.2.3. Articulation with other climate change initiatives***

There are several international initiatives which have similar objectives to those of the GCCA, three of them are of particular relevance: the Adaptation Fund (AF)<sup>11</sup> under the UNFCCC, the Pilot Programme for Climate Resilience designed by the World Bank, and the Commission on Climate Change and Development.

The Adaptation Fund is financed from a 2% levy on the Clean Development Mechanism (CDM) investment flow, and could, by 2012, generate funds in the range of 300 to 500 million USD, depending on the development of the global carbon market. The Global Environmental Facility (GEF) provides the Secretariat to the Fund, with the World Bank acting as trustee. The AF is still in its early days of operations and is currently defining its operational modalities. In the short term, it is likely it will continue to work on a project basis as has been done by the GEF in the past. The GCCA does not compete with the AF, which is likely to function as a global project financing mechanism working through (UN) implementing agencies. It intends to work in a complementary fashion to the AF, providing the majority of GCCA funding directly to governments through general or sector budget

---

<sup>10</sup> See ODI report. Government institutions, public expenditure and the role of development partners: meeting the new environmental challenges of the developing world. March 2008; [http://www.odi.org.uk/fecc/resources/reports/s0166\\_final\\_report.pdf](http://www.odi.org.uk/fecc/resources/reports/s0166_final_report.pdf)

<sup>11</sup> This assumes that the previous GEF climate change funds, the LDC Fund and the Special Climate Change Fund are phased out in the medium term with the operationalisation of the AF.

support. In the longer term, beyond 2012, the Adaptation Fund might equally move away from project-based funding towards a more strategic approach of integrating financing into national development programmes (budget support). The experience gained through the GCCA would then be very useful for extending the scope of the Adaptation Fund.

The Pilot Programme for Climate Resilience (PPCR) is one of two climate change related funds currently proposed by the World Bank, and supported (so far) by the UK. The World Bank aims at obtaining between 300-500 million USD for this programme, spread over 5-10 pilot countries. The objectives are similar to those of the GCCA, namely to mainstream climate risk and resilience into core development finance of vulnerable countries such as LDCs. The European Commission has agreed with the World Bank and the UK Department for International Development (DfID) on the need for close cooperation between the two initiatives. A key difference remains that the PPCR will work with concessional loans, whilst the GCCA will exclusively provide grants. Furthermore, the GCCA does not intend to set up a new fund or governance structure, but will work through the established channels for political dialogue and cooperation at national level.

The Commission on Climate Change and Development (CCD Commission) was launched by the Swedish government in late 2007 to address the effects on development caused by climate change and natural disasters. The CCD Commission's main task is to propose ways to integrate risk reduction and adaptation to climate change into the development and poverty reduction plans of poor countries. The GCCA will follow closely the CCD Commission's proposals, and in particular its work on further defining what constitutes adaptation and how it should be financed.<sup>12</sup>

With all three initiatives, the European Commission will seek opportunities for convergence and regular exchange on the state of play of implementation and methodologies. As regards the AF and the PPCR, opportunities for cooperation and co-financing at country level will be further explored.

### **3. POLITICAL DIALOGUE ON CLIMATE CHANGE**

#### **3.1. Objectives and organisation of the dialogue**

The GCCA will act as a platform for political dialogue between the EU and poor developing countries most vulnerable to climate change, in particular LDCs and SIDS on climate change at global, regional and national levels. While the political dialogue will take place outside the context of international negotiations it will, however, help to advance implementation of the UNFCCC and related agreements.

In the immediate future, i.e. in the run-up to the 2009 UN Conference on Climate Change in Copenhagen, this dialogue is intended to support an ambitious outcome of the UN negotiations on establishing a post-2012 climate agreement. Beyond that short time horizon, however, the long-term objective pursued by the GCCA is to foster, in developing countries, integrated long-term adaptation strategies, serving development goals while simultaneously delivering climate benefits.

---

<sup>12</sup> See <http://www.ccdcommission.org/>

At the global and regional levels the purpose of the dialogue is to promote climate change as one of the key issues for discussion and action between the EU and those countries, building confidence, with emphasis on the regional dimension of climate change policy and cooperation. At national level, the GCCA dialogue focuses first and foremost on the effective integration of climate change into national development strategies, plans and budgets, identifying concrete measures and helping to materialise opportunities for cooperation (for coverage of dialogue at national level, see Chapter 4).

In order to ensure continuity and consistency of the global/regional dialogue in the run-up to the Copenhagen Conference, the European Commission will closely involve the Council Working Party on International Environment Issues (Climate Change) as well as the Council Working Party on Development Cooperation. The Commission will further initiate a targeted “GCCA dialogue task force”, involving France, Czech Republic and Sweden (current and future EU presidencies), as well the organisers of the two upcoming Conferences of the Parties to the UNFCCC — Poland (2008) and Denmark (2009).

### **3.2. Dialogue opportunities in 2008**

Opportunities for political dialogue during 2008 have been identified both at global as well as regional levels.

#### **3.2.1. Global level**

A key objective for 2008 is an “EU/LDC+SIDS GCCA Joint Declaration on Climate Change” that contains a global GCCA support framework for action. The Declaration and GCCA support framework would be tabled for consideration by the EU/LDC-SIDS’ Development/Finance Ministers at their (tentatively scheduled) meeting at the Climate Change Conference in Poznan in December 2008.<sup>13</sup> The Declaration is intended to contribute to convergence of views and positions with regard to the negotiations within the UN framework for establishing a post-2012 climate agreement. The GCCA support framework will outline concrete commitments and activities for joint action on the ground, predominantly focusing on supporting development of capacity for negotiations and supporting adaptation work at country level in SIDS and LDCs.

In the context of the international climate change negotiations, the EU recently proposed the establishment of an international Framework for Action on Adaptation. If this idea is adopted by the international community, the GCCA will be one of the key contributions to realisation of this Framework.

The EU/LDC+SIDS GCCA Joint Declaration will draw together the key and common elements formulated under separate political declarations endorsed within the main regional strands described below. Each one of these political declarations will distil, according to the regional specificities, the key elements and climate adaptation needs. Such GCCA processes will naturally build on the results of the regional workshops/expert meetings organised in 2006 by the UNFCCC Secretariat under the “Buenos Aires Programme of work on adaptation and response measures” to identify specific adaptation needs and concerns.<sup>14</sup> They will also include the proposed responses to cope with those situations, taking into account the need to

---

<sup>13</sup> Subject to confirmation by the Polish authorities

<sup>14</sup> See, for instance, the Note by the UNFCCC Secretariat: Synthesis of outcomes of the regional workshops and expert meeting on adaptation under decision 1/CP.10, 3 May 2007.

build capacity to carry out the identified actions and to influence policy shaping on adaptation building in line with the priorities identified by the National Adaptation Programmes of Action (NAPAs) with the objective of introducing a programmatic approach to adaptation.

### ***3.2.2. Regional level***

The Poznan Joint Declaration will be prepared by regional dialogues, declarations and road maps. Reflecting the target countries of the GCCA, the main geographical strands identified are Africa, Caribbean, Pacific and the group of Asian Least Developed Countries. The European Commission has identified and/or started working with key technical/policy interlocutors at regional level<sup>15</sup> to kick off the dialogue.

#### ***Africa***

Climate change features high on the African Union agenda, at the latest since the Summit Declaration of February 2007. It was also one of the main issues of discussion at the EU-Africa Summit in Lisbon in December 2007. Naturally, the GCCA political dialogue will take place within the established implementation process of the EU-Africa Strategic Partnership, namely under the EU-Africa Partnership on Climate Change. It was agreed during the 6th meeting of the Joint EU-African Union Task Force (September 2007) that the Partnership will be a privileged channel for deliberations on a shared EU-Africa vision on climate change and desertification. The objective is to adopt over the course of 2008 a joint EU-Africa declaration on climate change and the GCCA at the appropriate political level (possibly at the level of the AU-EU Ministerial Troika meeting scheduled for November 2008) in preparation for the Poznan UNFCCC Conference in December 2008 and on the basis of the priorities identified on climate by the African Ministers of the Environment (AMCEN).

#### ***The Caribbean***

During the first EU-LAC Ministerial Conference on the Environment held in Brussels on 5 March 2008, climate change adaptation, renewable energy, biodiversity loss and deforestation were at the top of the agenda. The Conference final outcome document identifies common priorities (among those the Global Climate Change Alliance) and cooperation between EU and LAC countries on the environment. At the Lima Summit on 17 and 18 May 2008 the EU-LAC Heads of State and Government discussed further cooperation between the two regions. The EU-LAC Summit Lima Declaration identified climate change (adaptation) as a priority and placed emphasis on the GCCA.

In Lima, the CARIFORUM-EU Troika Summit adopted a Declaration on Climate Change and Energy that builds on the converging Caribbean and EU climate change policies and emphasises the need for urgent joint CARIFORUM-EU action in order to comprehensively address climate change, energy and food security issues (see Annex II). The Declaration resolves to enhance cooperation in international negotiations through regular consultations/joint initiatives and to work together for the successful conclusion of a post-2012 agreement. Most interestingly it identifies as immediate priorities for action (a) support for the implementation of the Caribbean Regional Climate Change Strategy and (b)

---

<sup>15</sup> E.g. African Union Commission (AUC), Caribbean Disaster Emergency Response Agency (CEDERA) and Caribbean Community Climate Change Centre (CCCCC), South Pacific Regional Environment Programme (SPREP) and South Pacific Applied Geoscience Commission (SOPAC), Alliance of Small Island States (AOSIS), etc.

development of comprehensive vulnerability inventories. A joint EU-CARIFORUM Technical Group is established to translate the above priorities into meaningful activities to be part of the overall GCCA support framework to be included in the EU/LDC-SIDS Declaration.

### ***The Pacific***

The EU Strategy for the Pacific includes a commitment to systematically integrate climate change into development cooperation. EC Delegations in the regions have carried out effective and coordinated outreach and awareness-raising on the GCCA. All Pacific Country Strategy Papers have renewable energy and/or water as focal a sector which creates an additional opportunity for dialogue. Efforts in the region have also included contacts and preliminary exchanges with Australia and New Zealand, particularly as to their resolve to address the challenges of climate change in the region via a new “climate partnership” with Pacific countries. Building on these efforts, preparatory work is underway with Pacific technical/political interlocutors. On 14 May 2008 the Pacific Islands Forum (PIF) and EU (Senior Officials) Troika met in Suva. PIF welcomed the initial EU “draft elements” proposal for a Declaration on Climate Change/GCCA and confirmed its willingness to come to a commonly agreed text to be adopted during the Ministerial Troika meeting of the EU/Pacific Islands Forum on 16 September 2008 in Brussels that has already identified climate change as an overarching priority.

### ***Asia***

There are several Least Developed Countries in this region. Many of the countries in this group have common concerns when it comes to climate change, e.g. coastal vulnerability, flooding and salinisation of river deltas glacial melting rates, yet there is no obvious pre-existing platform for dialogue. Therefore, a country-by-country approach to policy dialogue will be considered. In the case of the Maldives, for instance, preparatory European Commission outreach actions on the GCCA have been already undertaken with promising results. In addition to the country-by-country approach, initiatives at regional level could also be considered as possible fora to inform and be informed by GCCA dialogue, in light of ongoing cooperation between the European Commission and these platforms.<sup>16</sup>

## **4. COOPERATION ACTIVITIES**

### **4.1. Objectives and priorities of cooperation**

Cooperation activities supported by the GCCA aim to increase the most vulnerable countries’ resilience to the effects of climate change, in particular through adaptation and disaster risk reduction. Increasing resilience means first and foremost adapting the most vulnerable sectors to temperature rise and variability, as well as reducing the risks of natural disaster. Research is in this context a key asset for informing analysis, planning and decision making.

Under the UN Framework Convention on Climate Change, Least Developed Countries have started producing National Adaptation Programmes of Action (NAPAs). NAPAs have been produced in a rather narrow context in order to identify priority activities in response to

---

<sup>16</sup> E.g. South Asia Association for Regional Cooperation (SAARC), the Asian Cooperation Dialogue (ACD) and Association of South East Asian Nations (ASEAN)

LDCs' urgent and immediate adaptation needs; they do not constitute a comprehensive analysis of the expected impacts of climate change on the economy nor do they contain adaptation action to address these. To handle adaptation more comprehensively, NAPAs should be expanded into, or be complemented by, cross-sectoral policy approaches to adaptation.

NAPAs nevertheless provide a good indication of the sectors in which priority investments will have to be made. An analysis of existing finalised NAPAs<sup>17</sup> presents the following picture: about 40% of funds are needed in the agricultural sector, 20% in connection with water, 15% for preparedness activities including climate change and adaptation information dissemination, capacity building for mainstreaming adaptation and climate change into planning, policies and programmes, etc. and 15% needed for other sectors such as forestry, coastal zones, health, etc.

In all its target countries, the Global Climate Change Alliance will prioritise work to integrate climate change adaptation into poverty reduction strategies and budgets, building as appropriate on the priority activities identified by the NAPAs. Whilst resources are scarce, and in the light of the danger that climate change will further aggravate global food insecurity, priority funding should go in the first instance to the agricultural, water and natural resource management sectors, as well as disaster risk reduction.

## **4.2. GCCA: the role of the European Commission**

### ***4.2.1. European Commission contribution for 2008-2010***

In 2008, €10 million are earmarked for implementation of the GCCA under the European Commission's Environment and Natural Resource Thematic Programme, including Energy (ENRTP). A further €25 million annually is planned for 2009 and 2010, subject to the respective Commission Decisions to be taken in these years. Sweden is in the process of committing €5.5 million to the GCCA, expected to be transferred into the European Commission budget in 2008.

Of the €10 million earmarked in 2008 the intention is to create the GCCA Support Facility worth approximately €3 million over four years. The remaining €7 million will be allocated to support concrete climate change actions in some of the pilot countries (see Annex III on GCCA implementation structure). More countries will receive support in 2009 and 2010.

A tender procedure for the GCCA support facility will be launched during the summer of 2008, and will be in place in early 2009. Funding will be demand-driven to respond to the needs of partner governments.

### ***4.2.2. The GCCA Support Facility***

The GCCA Support Facility will support national/regional capacity-building and technical-assistance measures for developing countries to improve their knowledge base on the expected impacts of climate change, to effectively integrate climate change vulnerability into development plans and budgets, and to identify and prepare GCCA activities in particular sectors. Where this is requested by a partner government, the Facility could also be used to facilitate access to the CDM.

---

<sup>17</sup> [http://unfccc.int/national\\_reports/napa/items/2719.php](http://unfccc.int/national_reports/napa/items/2719.php)

The GCCA Support Facility is also intended to cover dialogue activities (see Chapter 3 above) as well as capacity-building measures with a view to enhancing the participation of LDCs/SIDS in the climate change negotiations, including (national/regional) meetings where these country groups have the opportunity to consult each other and fine-tune their negotiating positions.

#### ***4.2.3. Country selection for the 2008 pilot phase***

To maximise the impact of initial resources available, the European Commission is in the process of selecting a number of pilot countries with whom practical cooperation will start with funds from the budget year 2008. The following broad criteria were established to select these countries:

- The country is LDC and/or SIDS, i.e. the primary target group of the GCCA.
- The country should have national and/or sectoral climate change policies in place or has expressed its intention of preparing them to ensure the integration of climate change into development strategies, plans and budgets.
- The government is keen to enhance policy dialogue and cooperation on climate change with the EU.
- The country has ideally already received, or is in the process of preparing for receiving, (General/Sectoral) Budget Support through the European Commission and/or other donors. Whilst the idea of the GCCA is to add adaptation-related funding to existing budget support programmes, the existence thereof is not a precondition for support under the GCCA. Where this aid modality is not used (or where its use in the area of climate change adaptation is not possible or beneficial in the short term), other means of support can be identified with the partner government.
- There is an EC Delegation with sufficient capacity to prepare and follow up implementation of the GCCA programme. Ideally, the country has already established dialogue on environmental/climate issues with the European Commission or donors more widely.
- The country should preferably be involved and be politically active in the negotiations under the United Nations Framework Convention on Climate Change (UNFCCC) and in this sense serve as a model for other countries in its group/region.
- Further elements to identify countries and priority areas of intervention could be of a more technical nature, e.g. the hazard profile of the country (exposure to risk, adaptive capacity, climate data availability and projected climate changes).

There is a lot of global and regional data on the projected impacts of climate change, taking into account differing scenarios of temperature rise, in particular provided by the Intergovernmental Panel on Climate Change (IPCC) in its Fourth Assessment Report (2007). Obtaining reliable data on national and sectoral impacts is more difficult, however, some relevant assessments of climate risk and vulnerability have been made and include *inter alia* National Adaptation Programmes of Action (NAPA); National Action Programmes (NAP) under the UN Desertification Convention; disaster risk assessments under the UN International Strategy for Disaster Reduction; World Bank disaster hotspots assessment;

Country Environmental Profiles and other background analyses for ongoing development programmes. Research projects funded under the EC Framework Programmes (FP 6 and 7) also contribute to better information on climate impacts in a number of partner countries.<sup>18</sup>

The GCCA Support Facility could assist in bundling some of this information, and in closing some of the knowledge gaps.

Proposed list of pilot countries: Applying the above criteria, four countries have been identified to start up activities under the GCCA with funds that will become available under the 2008 Annual Action Programme of the thematic strategy paper ENRTP, once adopted by the Commission. These are Vanuatu, Maldives, Cambodia and Tanzania. It is foreseen to support part of these countries with funds that will become available through a substantial contribution from the Swedish government to the GCCA that is likely to be formalised in the 2nd half of 2008.

Again using the above criteria dialogues and consultations have started in order to secure funding from future Annual Action Programmes involving Bangladesh, Belize, Guyana, Jamaica, Mali, Madagascar, Mauritius, Mozambique, Rwanda, Senegal and Seychelles. This list is not exhaustive and other countries within the target group of the GCCA are likely to be added, depending availability of resources.

#### **4.2.4. Implementation modalities**

### **4.3. General budget support**

Whilst until the late 1990s, budget support<sup>19</sup> as an aid modality was predominantly used by multilateral agencies, it is now being used by a growing number of bilateral donors, including agencies with small bilateral programmes. The European Commission and several EU Member States are active participants in a large number of budget support programmes, in particular in African countries, which therefore offer wide-reaching potential for helping to enhance climate resilience.

Budget support constitutes an increasingly important platform for policy dialogue between development partners and national governments. Programmes are accompanied by a structure of regular meetings between the developing country government and its development partners, and are subject to regular review processes. Budget support programmes typically include a performance assessment framework (PAF) derived from the country's Poverty Reduction Strategy Paper (PRSP) or equivalent for monitoring government progress on pre-established priority areas, which may be used to trigger disbursement of donor funding. Given its potentially very negative impact on development, it would be highly beneficial to address the effects of climate change in this important platform of dialogue.

Once the case for action on climate change has been acknowledged, goals and benchmarks for adaptation should be integrated into PRSPs and PAFs, in order to place and maintain

---

<sup>18</sup> E.g. EC FP 6 projects AMMA (Western Africa), CLARIS (Latin America), as well as Highnoon and MICRODIS (South East Asia).

<sup>19</sup> Budget support is an aid modality whereby donors pool their funds in support of the government's development programme. Un-earmarked resources are channelled to the country's budget and are managed according to national public finance management procedures. The focus is on working through the government's own systems and supporting those systems through strengthening planning and financial management capacity.

adaptation on the political agenda. Climate-change-related benchmarks have so far not featured in general budget support programmes, however, “normal climate” features as an underlying assumption in several programmes (for instance, in relation to indicators on agricultural outputs). Existing sectoral benchmarks across the board need to be adjusted in order to take climate risk into consideration. Whilst the PAF usually covers a period of three years, it undergoes at least one yearly review which could be the occasion for inclusion of adaptation-related benchmarks.

Given that the adaptation challenge is a fairly recent phenomenon, and that integrating adaptation benchmarks into PAFs has not yet been done, it is important to formulate benchmarks that are realistic and stimulate government action in a useful manner. Initial benchmarks will be rather input-oriented,<sup>20</sup> and will focus on establishing an institutional framework at country level to deal with climate change adaptation; consolidating the knowledge base, in particular assessing the impacts on the most vulnerable sectors; comprehensively integrating adaptation into existing poverty reduction/growth strategies; and establishing the national cost of adaptation. Only over time would benchmarks measure the outcome of the actual steps taken towards improving sectoral climate resilience. The GCCA would complement ongoing programmes with an additional tranche in order to assist governments in taking these measures. This will of course need to be done within a coordinated macroeconomic framework and based on necessary background analysis.

### ***Sectoral budget support***

Where EU donors provide general budget support, the GCCA will favour the approach outlined above. Where general budget support is not used, or where integrating climate resilience into the budget support programme is not feasible in the short to medium term, the GCCA could work through sectoral budget support programmes. To start with, one priority sector would be identified jointly with the partner government, ideally agriculture or water. The sector would already benefit from considerable funding, either by the government or by the international community, so that the GCCA ‘top-up’ could be used in a synergetic way, and focus on enhancing the adaptation components of existing programmes. Benchmarks measuring the outcome of the actual steps taken towards improving sectoral climate resilience would be defined jointly with the partner government and development partners as part of the sectoral dialogue.

### ***Other implementation modalities***

Where neither general nor sectoral budget support programmes are available or appropriate to stimulate action towards enhanced climate resilience, “traditional” modalities could also be considered in dialogue with the partner government, e.g. trust or basket fund arrangements or project (co-)financing.

## **4.4. The need for collective EU action**

The Global Climate Change Alliance is to be seen as the EU’s immediate answer to the international quest for concrete proposals on how poor developing countries can be assisted in

---

<sup>20</sup> Inputs measure financial, administrative and regulatory resources, outputs measure the immediate and concrete consequences of the measures taken and the resources used; outcomes measure the results at the level of the beneficiaries, and impact measures the consequences of the outcomes.

addressing the adaptation challenge. Neither the European Commission nor Member States alone are in a position to offer adequate support to these countries — a collective response is needed, not least in order to ensure the conclusion of an international climate change deal on a comprehensive post-2012 framework by December 2009. The GCCA is intended to ensure this EU collective response at various levels:

- (1) Through a platform for exchange on ongoing activities by EU donors in the area of climate change and development.
- (2) Through close coordination among EU donors as to where and how they support developing countries in their adaptation efforts, in order to achieve a division of labour<sup>21</sup> in this area. This will make sure that duplication is avoided, and that the EU will be in a better position to account for what it is doing.

A high-level meeting of EU development ministries/agencies in autumn 2008 will further develop this approach.

- (3) Through close in-country cooperation. This Staff Working Paper proposes a number of countries where the GCCA will start its work, employing the funds so far made available by the European Commission and the Swedish government. Work could, however, start in other countries as well, and be led by an EU Member State present and active in the country. Co-financing between the European Commission and Member States can take place both at global as well as at country level (see 4.3.2. below).

#### ***4.4.1. MS/European Commission coordination at the political dialogue level***

Whilst the European Commission will do preparatory work for the global and regional political dialogue events, the EU Presidency — in close cooperation and partnership with the targeted countries and regional groupings as appropriate — should be closely associated with the process and play a lead role during the actual high-level meetings. As mentioned in Chapter 3, this concerns in particular France, the Czech Republic, Sweden, Poland and Denmark in the run-up to the Copenhagen Climate Change Conference in December 2009.

As regards national dialogue in pilot countries, this should include all EU donors present in the country and willing to engage in and provide funding for action in the GCCA priority areas. A clear lead should be identified in each country to ensure that the GCCA dialogue is a success and that the cooperation leads to concrete results.

#### ***4.4.2. Programme co-financing possibilities and mechanism***

Member States and the European Commission can pool their GCCA funds both globally through the Commission's thematic programme or geographic programmes, and at country level.

In line with the EU code of conduct on the division of labour and the Paris Declaration on Aid Effectiveness, the Commission recently extended the joint co-financing (or delegated cooperation) mechanism to Member States and other bilateral donors; joint management via a standard contribution agreement with international organisations, i.e. the UN, was already possible. This allows for Member States to delegate authority to manage funds to the

---

<sup>21</sup> Conclusion of the Council and Member States on 15 May 2007.

European Commission and, vice versa, for the Commission to delegate authority to a Member State.

The Commission is ready to act as the fund-managing donor on behalf of those Member States that are willing to co-finance the Global Climate Change Alliance through a global contribution, earmarked or not for a particular country or region. The funds transferred from Member States will be treated as assigned revenues (the legal instrument will be a transfer agreement in which an overhead cost is provided for). The funds will be included in the European Commission budget and their management will be governed by European Commission procedures. Involvement of the Member States in the programme will depend on the terms agreed upon in the transfer agreement.

At country level, ideally EU donors would channel their resources through the same government-led programmes, i.e. in the case of general or sector budget support. Other pooling arrangements could equally be found, such as trust or basket funds or project co-financing. The important element will be to ensure the effective use of resources, and to develop and demonstrate a common EU effort towards assisting the most vulnerable countries in their adaptation efforts.

#### **4.5. Monitoring and Evaluation**

M&E will be an important aspect of the work on the GCCA. This will cover both the dimension of policy dialogue and building a common vision between the EU and the target developing countries as well as the dimension of stepping up concrete cooperation activities. Through the GCCA support facility there will be regular reporting on the state of the GCCA. Short updates will be made widely available to stakeholders through a dedicated GCCA website. There will be an annual report summarising main activities and results. The annual reports will be passed on for information to the Council.

In 2010 there will be an external evaluation to draw lessons from the experience and make recommendations on follow-up. The external evaluation will specifically look into the complementarity with other multilateral and bilateral initiatives related to climate and development. The external evaluation will facilitate the transmission of lessons of the GCCA to other initiatives.

## ANNEX

### **Annex I: Update on European Commission efforts to integrate climate change into development cooperation**

#### ***Background***

In the GCCA Communication, the European Commission renewed its commitment to integrate climate change into its cooperation programmes with third countries.

“...As to the European Commission, climate change considerations, both regarding mitigation and adaptation, will be systematically addressed at the occasion of the mid-term review of Country and Regional Strategy Paper and fully considered when preparing Country and Regional Strategy papers for the next programming cycle starting in 2012.

This commitment builds on the existing policy framework for integrating climate change into development cooperation: the EU Action Plan on Climate Change and Development of 2004. A review of the progress of the Action Plan in 2007 came to the conclusion that integrating climate change systematically in the context of development cooperation had not yet been adequately addressed by EU donors, and that enhanced efforts were necessary to make progress in this area<sup>22</sup>.

Climate change was indeed given insufficient consideration in the programming of the 10th EDF/the 2007–2013 budget. DG DEV had prepared very broad programming guidelines on climate change and disaster risk reduction to give desks and Delegations guidance on how to address these issue areas; However, since they competed with many other development priorities and cross-cutting issues they were not sufficiently employed. The next occasion where the issue of climate change should be addressed more prominently is the Mid-Term Review in 2010 (for RELEX countries, 2009).

#### ***The issue***

Integrating climate change into development cooperation means : (1) development cooperation activities must take into consideration the projected effects of climate change on a given country/area where the activity is implemented (adaptation) in order to ensure sustainability; (2) development cooperation activities should promote development options which contribute least to greenhouse gases emissions and climate change (mitigation); (3) development cooperation should make funding available for specific climate-change-related activities, e.g. mitigation and adaptation activities, capacity building and research.

#### ***Ongoing processes***

The European Commission already has tools in place for integrating the environment aspect into development cooperation. Starting from these tools, the following activities

---

<sup>22</sup> Ecorys Consulting/Ceso Ci. EU Action Plan on Climate Change and Development: 1st Bi-annual Progress Report (2004–2006). Final Report, 10 September 2007.

are ongoing in order to improve the integration of climate change into development cooperation:

- The EC is currently revising the existing environmental integration strategy in order to adequately cover climate change.
- Tools and methods for environmental integration in the cycle of operations are also being revised to give more emphasis on CC-related aspects, particularly in the programming, identification and formulation of operations. Training seminars delivered at HQ and EC delegations will reflect this new approach.
- Furthermore, a majority of European Commission partner countries now have Country Environment Profiles (CEPs) in place; and there is increasing use of Strategic Environment Assessments (SEAs) and Environment Impact Assessments (EIAs) in relation to programmes and projects in environmentally sensitive sectors. It is envisaged that as part of the mid-term review of Country Strategy Papers, CEPs will be updated in order to adequately take into account climate change where appropriate. Work is ongoing at OECD level to develop guidance on the use of Strategic Environmental Assessments (SEA) to address climate change issues.
- The European Commission is an active member of the OECD task team on integration of climate change adaptation into development cooperation, as well as of related task teams working on the environment and SEAs more broadly. The European Commission is also participating in other “best practice circles”, such as the Vulnerability and Adaptation Resource Group, in order to identify joint methods and practices.

#### *Planned activities*

In order to strategically address this issue, the relevant Commission services (DEV, RELEX, AIDCO, ENV, RTD, etc.) are planning to set up an inter-service group in support of more systematic integration of climate change into EC cooperation. The working group will develop guidance for EC staff, in view of the mid-term review and the next programming cycle starting in 2012. In order to “learn by doing”, the Commission also plans to do a “country portfolio screening” for climate risks in a number of pilot countries to obtain a better grasp of the issue. Synergies with the GCCA pilot countries will be sought in this context.

## **Annex II: EU-CARIFORM Declaration on Climate Change, 17th May 2008**

### **BACKGROUND**

- (1) The Heads of State and Government of the Caribbean Forum (CARIFORUM) and the European Union (EU), represented by the Troika, exchanged views on climate change, energy and food security at their meeting in Lima, Peru on 17 May 2008.
- (2) They noted that the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol, measures for adaptation to climate change provided for under the Nairobi Work Programme, the Barbados Programme of Action for the Sustainable Development of Small Islands Developing States (BPoA), the Mauritius Strategy as well as the outcomes of other relevant United Nations conferences and summits, represent the main framework for addressing global warming, climate change and sea level rise, which impact on the sustainable development of Small Island and Low-lying Coastal Developing States (SIDS). They further noted that the Global Climate Change Alliance (GCCA) is designed to complement these key instruments, to which all CARIFORUM and EU states are Party.
- (3) The Heads of State and Government recalled that the GCCA is a mechanism for improving political dialogue and promoting the exchange of experiences between the European Union and developing countries most vulnerable to climate change on the integration of climate change issues into development policies and strategies. The results of the GCCA dialogue will feed into the discussions for an appropriate post 2012 multilateral framework agreement on climate change under the (UNFCCC).
- (4) The Heads affirmed the intent of the GCCA to ensure that poor developing countries increase their capacities to adapt to the negative effects of climate change in their pursuit of sustainable development, including the provision of concrete support for adaptation and mitigation measures in particular, as an integral element of poverty reduction strategies.
- (5) The Heads of State and Government affirmed the outcome of the United Nations Climate Change Conference held in Bali in December 2007 as a major step in the global fight against climate change and noted that the international community now has the major task of formulating an effective, comprehensive and global agreement on a future framework for a post 2012 climate change agreement before the end of 2009. They welcomed in particular, the Bali Action Plan and the decision to finalize the operational details of the Adaptation Fund without delay, in light of the role that the Adaptation Fund will play in financing concrete adaptation projects in developing countries.

- (6) Considering that unprecedented finance and investments will have to be mobilised to meet the current and future challenges of both mitigation and adaptation and the needs of developing countries in this respect, they agreed to seek to mobilize all possible resources to further the implementation of the Barbados Plan of Action, the Mauritius Strategy for Implementation and the Caribbean Regional Strategy on Climate Change and other relevant programmes in the Caribbean region .
- (7) The Heads of State and Government, emphasised that emission reductions will have to be far more ambitious than in the framework of the Kyoto Protocol in order to limit global warming to 2° C. They also highlighted the global nature of the problem and hence the importance of agreeing on deeper absolute emission reduction commitments by developed countries and of facilitating further fair and effective, nationally appropriate mitigation actions by all major emitters of greenhouse gases.
- (8) Recalling the provision of Article 32 of the Cotonou Agreement regarding ACP-EU cooperation on environmental protection and the sustainable utilization of natural resources and the Joint ACP-EU Declaration on Climate Change and Development adopted in Port Moresby in June 2006, the Heads of State and Government underscored that climate change should, given its critical importance, be mainstreamed in development cooperation and support programmes and projects, within the context of the ACP-EU Partnership.

### ***CARIBBEAN POLICY***

- (1) The Heads of State and Government acknowledged that climate change is an important developmental issue for Caribbean States that needs to be addressed within the broader perspective of poverty reduction, energy, food security and sustainable development.
- (2) They also commended the commitment of Caribbean states to the wider 2002 Latin American and Caribbean regional initiative for Sustainable Development<sup>23</sup> which emphasised that timely action be taken to reduce the impact of climate change through the implementation of effective mitigation and adaptation measures.
- (3) The Heads of State and Government also commended the various initiatives taken by the Caribbean Disaster Emergency Response Agency (CDERA) to address the challenges of climate change and link disaster preparedness activities with adaptation needs, including the development of a Comprehensive Disaster Management Strategy.
- (4) They further acknowledged the significant achievements of the Caribbean Community Climate Change Centre (CCCCC) in building regional capacity to cope with the challenges to regional sustainable development.

---

<sup>23</sup> Adopted at the first special meeting of the Forum of Ministers of the Environment of Latin America and the Caribbean, held in Johannesburg, South Africa in August 2002.

## ***EU POLICY***

- (1) Heads of State and Government welcomed the EU's recent climate change and energy related policy initiatives, highlighting the need for absolute emission reduction commitments and reflecting that developed countries should continue to take the lead by committing to collectively reducing their emissions of greenhouse gases in the order of 30% by 2020 compared to 1990 with a view to collectively reducing their emissions by 60 to 80% by 2050 compared to 1990;
- (2) They took note the EU's commitment to a reduction of 30% of greenhouse gas emissions by 2020 compared to 1990 as its contribution to a global and comprehensive agreement for the period beyond 2012, provided that other developed countries commit themselves to comparable emission reductions and economically more advanced developing countries adequately contribute according to their responsibilities and respective capabilities;
- (3) Heads of State and Government also took note of the EU's decision, until a global and comprehensive post-2012 agreement is concluded, to make a firm independent commitment to achieve at least a 20% reduction of greenhouse gas emissions by 2020 compared to 1990;
- (4) They also commended the adoption of a comprehensive EU energy Action Plan for the period 2007-2009 setting highly ambitious quantified targets on energy efficiency, and all forms renewable energies.

## ***JOINT CARIFORUM-EU ACTION***

- (5) The Heads of State and Government of CARIFORUM and the EU affirmed the need to take urgent action to address the issues of climate change, energy and food security.
- (6) Both sides also agreed to work together to mobilise political support for stronger action on climate change and to examine how the international framework could facilitate such action. This action should be guided by a shared vision for long term cooperative efforts and should include perspectives on low-carbon development, climate-safe paths and reduced climate vulnerabilities.
- (7) The Heads of State and Government therefore affirmed their commitment to work together to:
  - enhance cooperation in international negotiations and strengthen efforts by all Parties to address climate change, energy and food security including through regular consultations, joint initiatives and leadership in their respective regions;
  - cooperate towards the successful conclusion of a post-2012 agreement under the UNFCCC and its Kyoto Protocol and in the implementation of their respective commitments (still to be negotiated).

- (8) The Heads of State and Government of CARIFORUM welcomed the European Union's intention to assist and support the Caribbean region in its adaptation and mitigation efforts, through the Global Climate Change Alliance, and other appropriate instruments. They also urged that priority attention be given to implementation of energy and food security programmes through instruments such as "Intra ACP" cooperation under the 10<sup>th</sup> European Development Fund.
- (9) Recalling those commitments, CARIFORUM and the EU jointly identified, inter alia, the following immediate priorities for action:
- Support for the implementation of the Caribbean Regional Climate Change Strategy
  - Development of a comprehensive inventory and valuation of existing critical facilities to assess the vulnerability of key infrastructure and economic sectors to climate change, particularly in the agriculture, biodiversity, forestry, fisheries, tourism, health and water resources management sectors;
  - Improved management of the region's natural resources, by way of the creation of an enabling environment for the sustainable development of agricultural productivity and the promotion of agricultural diversification.
- (10) The Heads of State and Government of CARIFORUM and the EU have therefore agreed to appoint a joint CARIFORUM-EU technical group at the regional level to ensure appropriate follow-up action to this Declaration. The technical group will translate the above immediate priorities for joint action into meaningful concrete activities that will be part of the GCCA support framework, to be included in the EU/LDC and SIDS GCCA Joint Declaration on Climate Change, for consideration by the Parties' Development/Finance Ministers at their meeting in Poznan in December 2008 during UNFCCC Conference of Parties -14.

### Annex III: GCCA implementation structure

