

DISCUSSION PAPER No. 231

The ice is broken, what's next?

HOW THE EU AND MIDDLE-INCOME COUNTRIES WORK TOGETHER ON CLIMATE CHANGE

CLIMATE CHANGE

By **Mariella Di Ciommo**, with **Sanne Thijssen** and **Meritxell Sayós Monràs**

September 2018

SUMMARY

More advanced and middle-income developing countries (MADCs and MICs), some of which are major emitters of greenhouse gases, have come under increasing pressure to do their part on climate change. This paper looks at the EU's attempts to find a common ground with these countries in the fight against climate change. And it's a tale with multiple endings.

On the one hand, European diplomacy has been rather successful in breaking the ice with countries in the South. The EU's role as a bridge-builder and technical advisor could be of phenomenal value to make progress in preparation of the Conference of the Parties (COP24) in Katowice in December 2018 and to avoid frustration in the Talanoa dialogue. On the other hand, the EU's efforts in partner countries have had more mixed results, as the contrasting examples of China and Ghana show. Outcomes largely depend on each country's conditions and the EU's own constraints and assets.

Although the 25% mainstreaming target for climate change proposed for the 2021-2027 EU budget is welcomed, the EU could be more ambitious. A new EU external financing architecture and the programming phase will significantly influence how partner countries and the EU will collaborate on climate change.

In 2019, the new European Commission will set the parameters for such collaboration. A more interest-driven EU might neglect climate change and the Sustainable Development Goals. Individual MICs and MADCs will be affected, depending on their alignment with the EU objectives, their commitment to climate action and their interest in stronger ties with the EU. Much work remains to be done for a socially fair low-carbon transition. The EU should closely work with these countries to realise such a vision.

Table of Contents

List of acronyms	iii
Acknowledgements.....	iv
1. Introduction.....	1
2. Opportunities and challenges for climate-change collaboration.....	2
2.1. Shared interest in climate-change action	2
2.2. Differences of view on how to tackle climate change persist	3
3. To change or be changed? The EU role in climate negotiations.....	4
3.1. Good signals on the EU's domestic performance: is it enough?	5
3.2. The EU and its adaptation to a new climate regime.....	5
4. The EU's external policy framework: clear objectives but little coherence	7
5. Lessons learned from past engagements with MICs and MADCs	8
5.1. The deep engagement between the EU and China.....	8
5.2. The EU experience in Ghana: high needs, limited results	10
6. Looking into the future: the post-2020 EU budget.....	12
6.1. The place of climate action in the future budget.....	12
6.2. The logic of the new financing architecture	13
6.3. Governance arrangements.....	14
6.4. The balance between geographic and thematic funding.....	14
6.5. Graduation policy and the geographic focus	15
6.6. The role of innovative financing mechanisms.....	17
6.7. The balance between mitigation and adaptation	18
6.8. The EU institutions and member states working together for climate.....	18
7. Conclusions: successes, struggles and upcoming opportunities	20
Annex 1: Climate resources supplied to MICs in 2016, by provider, euros	22
Annex 2 – EU Institutions climate funding, recipients, 2016, EUR million	24
Annex 3 – Climate funding to China, 2016, EUR million.....	27
Annex 4 – Climate funding to Ghana, 2016, EUR million	28
Bibliography.....	29

List of Boxes

Box 1: The EU's climate diplomacy	6
Box 2: The EU's technology and expertise	9

Box 3: Trilateral cooperation and support for South-South cooperation.....	19
--	----

List of Figures

Figure 1: Climate-change funding by EU institutions has risen in recent years.....	13
Figure 2: Geographic programmes remain the largest.....	15
Figure 3: Most climate-action funds from the EC and European banks go to MICs	16
Figure 4: Climate financing follows the wider EU pattern of allocations to nearby regions	16
Figure 5: EU member states also allocate large resources to MICs	18

List of acronyms

AsDB	Asian Development Bank
AfDB	African Development Bank
BASIC	Brazil, South Africa, India and China
CBDR-RC	Common but Differentiated Responsibilities and Respective Capabilities
CIF	Climate Investment Fund
CLIMA	Directorate-General for Climate Action
COP	Conference of the Parties
COP15	Copenhagen Climate Change Summit (15th Conference of the Parties)
COP24	Katowice Climate Change Conference (24th Conference of the Parties)
DAC	Development Assistance Committee of the OECD
DCI	Development Cooperation Instrument
DG	Directorate-General (European Commission)
DEVCO	Directorate-General for International Cooperation and Development
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EDF	European Development Fund
EEAS	European External Action Service
EFSD+	European Fund for Sustainable Development Plus
EIB	European Investment Bank
EIP	European Investment Plan
ENI	European Neighbourhood Instrument
ENR	Environmental and Natural Resources
ETS	Emission Trading Scheme
EU	European Union
EUGS	European Union Global Strategy
EUROCLIMA	Regional EU-Latin America Cooperation Programme on Climate Change
FPI	Foreign policy instruments
GCF	Green Climate Fund
GEF	Global Environment Facility
GGGI	Global Green Growth Institute
GHG	Greenhouse gases
GPGC	Global Public Goods and Challenges Programme
G20	Group of 20
IADB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
INDC	Intended Nationally Determined Contributions
JAES	Joint Africa-EU Strategy
K-CEP	Kigali Cooling Efficiency Programme
LDCs	Least developed countries
LMICs	Lower middle-income countries
MDBS	Multi-donor budget support framework
MADS	More advanced developing countries
MFF	Multiannual Financial Framework
MICs	Middle-income countries
NEAR	DG for Neighbourhood and Enlargement

NAMA	Nationally appropriate mitigation action
NDCs	Nationally determined contributions
NDF	Nordic Development Fund
NDICI	Neighbourhood, Development and International Cooperation Instrument
NIP	National Indicative Programme
OECD	Organisation for Economic Cooperation and Development
PI	Partnership Instrument
PRIMA	Partnership for Research and Innovation in the Mediterranean Area
REN21	Renewable Energy Policy Network for the 21st century
SDG	Sustainable Development Goal
UMICs	Upper middle-income countries
UN	United Nations
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
VPA	Voluntary Partnership Agreement
WB	World Bank

Acknowledgements

The authors would like to thank Andrew Sherriff, Alexei Jones, Hanne Knaepen, San Bilal, Jordan Beecher, Anna Marhold and Emmanuel de Groof for their useful comments and advice; Alice Amorim Vogas for her invaluable insights into the climate change negotiation process and the EU's role in this respect; our interviewees from civil society, EU member states and the European Union Institutions who were willing to share their views; and Valeria Pintus, Virginia Mucchi, Annette Powell, Claudia Backes, Yaseena van 't Hoff and Tony Parr for the editorial and publication support.

1. Introduction

The EU has a number of drivers for engaging with middle-income and more advanced developing countries (MICs and MADCs), i.e. countries that have made substantial development progress, and either have graduated out of development assistance or soon will. The partnerships between the EU and these countries are being updated in accordance with a ‘beyond aid’ logic that involves innovative forms of collaboration. However, clearer guidance is needed on the EU objectives for collaboration with these countries.¹ The 2016 Global Strategy and the 2017 European Consensus on Development are not enough to solve tensions among different EU objectives. There are tensions, for example, between an emphasis on the EU’s neighbourhood and the global 2030 Agenda; between a focus on countries most in need and a focus on emerging powers; and between the EU’s interests and values.

There is a degree of ambivalence in the debate. The MADC label is ambiguous and the new concept of ‘tailoring’ cooperation to different EU partners (reiterated in EU policy) allows for a variety of interpretations. It can mean any of the following:

- adapting the EU’s external engagement to its interests;
- endorsing the outcomes of dialogue with partner countries based on mutual interests; or
- using a country-specific toolbox.

The benefits of greater managerial and political agility supposedly generated by such ambiguity should be set against the risks of a piecemeal approach in EU external action and reduced accountability.² These risks are acute at a time when we are seeing the multiplication and contestation of EU external objectives in Europe itself.

This paper looks more specifically at collaboration between the EU institutions and MICs/MADCs on climate change. While rising temperature impact negatively on people’s livelihoods and our environment, for example melting glaciers in both hemispheres, the EU has tried to metaphorically break the ice between Northern and Southern countries to find a common ground on climate action. Climate change is indeed a priority for EU external action and one of the areas in which the EU has been seeking collaboration with partners in the South more decisively after the US announced its withdrawal from the Paris Agreement. It is also an area in which the EU works at country level with a wide set of diplomatic, technical, financial and regulatory assets to support partner countries for implementing their national mitigation and adaptation pledges (i.e. nationally determined contributions or NDCs).

This paper shows that whereas European diplomacy played a key role in breaking the ice between the EU and other major emitters in the South, its climate action in partner countries has had much more mixed results. European climate diplomacy has invested heavily in climate negotiations, but a number of big steps forward need to be made in order to reach agreement on the guidelines for implementing the Paris Agreement at the Conference of Parties (COP24) in Katowice in December 2018. In parallel, much work remains to be done to for a socially fair low-carbon transition. The EU has a lot to offer, and should invest more, to realise such a vision.

The new European Commissioners and the next High Representative for Foreign Affairs and Security Policy will set their priorities in late 2019. The new European Parliament (due to be installed in 2019) will

¹ Di Ciommo, M. and Sayós Monràs, M., 2018.

² Di Ciommo, M. and Sayós Monràs, M., 2018.

most likely be more conservative than the current one. It is hard to tell now what the implications will be for the EU debate on MICs and MADCs and for climate change action, but these issues will clearly be handled within a much more interest-driven, politically charged and potentially reactionary scenario. Greater emphasis on security, migration and self-interest might well be at the expense of climate change and the Sustainable Development Goals (SDGs), depending on how it is pursued.

The European Commission has proposed increasing the current 20% share of climate mainstreaming to 25% in the post-2020 budget. Certain actors are pressing for an even higher percentage. External action is also supposed to be allocated more resources in the EU budget than it does today. But it remains to be seen whether such a proposal will survive.³ Key decisions will also be taken about the programming of EU aid, in relation to which MICs and MADCs will be selectively affected, depending on their relevance and compliance with the EU objectives. Their commitment to climate action and their wider interest in stronger ties with the EU will be crucial.

2. Opportunities and challenges for climate-change collaboration

The EU was the third largest emitter of greenhouse gases (GHG) in 2014 (7%), after China (24.5%) and the US (12.9%). The other top-ten emitters were India, Indonesia, Russia, Brazil, Japan, Canada and Mexico. Together, these ten countries accounted for almost 70% of all emissions in 2014. Current NDCs (which outline national voluntary mitigation and adaptation commitments) will not lead to cuts in emissions that will be sufficient to keep global temperature rises below 2 degrees Celsius. The gap is indeed 'alarmingly high' and time is running out to close the gap between the cuts in emissions that are needed and those that are actually planned.⁴ In these circumstances, the goal of limiting temperature rises to 1.5 degrees enshrined in the Paris Agreement looks dispiritingly overambitious.

Where do the EU and its partners among the most advanced developing countries, many of them also major emitters, stand on climate change? What are the areas in which their interests converge and those where differences exist? The review below shows that rationale for collaboration is strong and gains can be mutual, but differences of view on how to address climate change continue to exist and are reflected, for example, in the slow progress towards COP24.

2.1. Shared interest in climate-change action

In the past, the EU has made a big effort to set itself tough targets on climate change and has built up a reputation as a climate leader. However, the scenario outlined above shows that its importance as a global GHG emitter is comparatively low and that collective action is urgently needed. The EU's quest for new allies among emerging economies rests on the fact that, although their historical emissions are low, they nevertheless have plenty of potential for cutting emissions. The EU's main goal is for the NDCs to become reality and to be scaled up as part of the Talanoa dialogue (an early stocktaking exercise in preparation of new pledges that should be made in 2020).

Substantial cuts in emissions by other emitters are of great importance for Europe, as unilateral reductions will not be enough and are politically difficult for poorer member states to digest. Gaining new allies would also revive the EU's reputation as a climate leader, a narrative which is central to the European identity.

³ Jones et al., 2018.

⁴ UNEP, 2017: XIV.

The EU wants to play a leading role on the climate-security nexus and has begun to insert climate-sensitive clauses in Free Trade Agreements. The desired transition to a technologically advanced and competitive green economy also means that a swift transition to a low-carbon economy offers more economic opportunities for European companies.

Broadly speaking, greater attention for climate-change impacts and the development progress achieved by some MICs and MADCs have strengthened their domestic policy space for harnessing the environmental and economic benefits of decarbonisation. The countries in question want access to technology and scientific knowledge, public policy solutions for sustainability, climate financing and markets for domestic innovations.

Under Agenda 2030, environmental, social and economic progress go hand in hand. How to achieve a socially fair transition to a low-carbon economy is an issue of fierce debate among MICs and MADCs and the prioritisation of socioeconomic development objectives has hampered climate-change action in the past. MADCs and MICs remain highly unequal countries and accommodate the bulk of those living in poverty around the world. Poverty eradication will be impossible to achieve if climate change is not addressed: 100 million more people could be impoverished by 2030 due to climate change. This figure is set to rise to 720 million in the long term if mitigation were not to be sufficiently swift.⁵

Poorer people everywhere, including in MICs and MADCs, suffer from climate-change impacts disproportionately and have less means to adapt. The Caribbean is more vulnerable to natural disasters, and rising sea levels will affect both small islands and the coastal cities of Brazil and Angola. Food systems in Botswana, Ghana and Nigeria are highly vulnerable to climate shocks.

Opportunities for collaboration between MICs, MADCs and the EU abound. The EU has rich regulatory and technological expertise, for example developed through its Emission Trading Scheme (ETS), the first supranational scheme of its kind. The knowledge, innovation and networks produced as part of Mission Innovation and PRIMA, to name just two projects that are part of Horizon 2020, the European Commission's (EC) research programme, are an attraction in this respect. The EU's experience of multilayered governance and shared competencies between the EC and the member states could be of value in some contexts. The EU as a collective, including member states, is a major source of climate finance.

2.2. Differences of view on how to tackle climate change persist

In other words, the rationale for cooperation is clearly there. The question of exactly how to tackle climate change remains fiercely contested between the North and the South, however. Differences also exist among developing countries, some of which have been supporting EU positions on an *ad-hoc* basis. The implications of the principle of Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC) have been a thorny issue. The Paris agreement refers to the principle, but does not distinguish between Annex I (i.e. industrialised) countries and non-Annex I (i.e. developing) countries, as the Kyoto protocol does. The development progress of certain developing countries and the increase in the level of their emissions, especially in China but also in India and Indonesia, have weakened their calls for a rigid interpretation of CBRD-RC. The result is that countries in the North and the South are compelled to take action, albeit on a different scale.

⁵ Hallegatte et al, 2016; Granoff et al, 2015.

The issue of how to differentiate informs the negotiations ahead of COP24. One example concerns the adoption of a common transparency and accountability framework on climate action. The EU and Latin American countries have supported a common system with differentiated reporting requirements to ensure that reporting can progressively adapt to national circumstances and that the system is long-lasting. India, China and the least developed countries (LDCs), on the other hand, have requested two separate systems that would maintain a binary division of commitments that would migrate to a unified registry only in the future. More fluid positions and differing views persist on what to report under such a system and the extent of accountability that this would entail. Developing countries keep flagging that the international commitment by developed countries of USD100 billion by 2020 risks not being met and that the additionality of climate finance over development resources should be better evidenced. Funding should increase after 2025 in any case.

The EU's reputation as a climate leader has been tarnished by the less than enthusiastic action taken by certain member states, especially the Visegrad group of Poland, Hungary, the Czech Republic and Slovakia. These countries are more reliant on coal and have grave energy-security concerns. As a result, they tend to rein in the EU's climate ambitions.⁶ Some interviewees raised concerns that climate change is having to compete more and more for airtime with security, migration and Brexit. They feel that, to an increasing extent, climate action needs to be justified in the light of these priorities rather than being a priority in its own right. Some interviewees also voiced concern that a focus on MICs and MADCs would be to the detriment of adaptation and of poorer countries.

The case for climate change is not necessarily equally strong across all MICs and MADCs. Highly polluting industries are still powerful and economic incentives from low-cost coal are still strong. Citizens' perceptions of environmental goals can also slow down the transition to a low-carbon economy and make the European model, based as it is on a relatively high environmental sensitivity, difficult to transpose to other regions.⁷

Bridging differences of opinion within the climate regime and working at a national level to strengthen the case for action on climate change are essential in order to implement the Paris Agreement. The following sections will look at these two aspects.

3. To change or be changed? The EU role in climate negotiations

The EU's reputation as a climate leader has rested on its 'leading-by-example' approach through the establishment of early and ambitious domestic targets. The EU had hoped that others would follow its example under a normative, top-down climate framework. However, this ambition has been repeatedly frustrated and the EU has had to adapt to a climate regime where countries voluntarily commit to mitigation and adaptation action.

Climate campaigners say that the political signals from Europe in favour of action on climate change are still part and parcel of its global role. But, if not to raise the ambitions of major emitters in the South through its example, what is this role for? And how is the EU adapting its approach and strategies to changing international dynamics?

⁶ See also Herrero, A. and Knaepen, H., 2014.

⁷ Torney, D. and Davis Cross, M., 2017.

3.1. Good signals on the EU's domestic performance: is it enough?

The EU's relatively good performance has meant that the EU has adopted relatively strict mitigation targets in comparison with other regions. Although the interviewees broadly concurred with this assessment, they also expressed a sense of urgency: a quicker green transition is needed and time is running out. Even if ambitious, the EU's efforts are not enough and stronger action is repeatedly frustrated by domestic climate politics in the member states.

Recent action in the EU has given some grounds for optimism. Miguel Arias Cañete, the EU's climate and energy commissioner, has proposed raising the current EU mitigation target to 45% by 2030, a target also endorsed by the Commission President, Jean-Claude Juncker in his latest, and last, State of the Union speech. Ideally, a new target should be approved before the end of the year on time for COP24. New mitigation aspirations rest on the recent and long-awaited approval of a new energy package and other climate legislation. Early in 2019, the Commission will also present a 2050 low-carbon strategy, including a scenario for a carbon-neutral Union, backed by the EU parliament and some member states.⁸

Jointly with climate advocates, some EU member states have welcomed the momentum behind climate action, but criticise the target for being still too low. Energy ministries from certain member states (e.g. France, Germany, Luxembourg and the Netherlands) have already written to the EC to request a higher target. Some of them have even suggested that emissions cuts should be as high as 55%.

There are other areas for improvement beyond the mitigation targets. EU action on climate is only as good as that taken by member states, some of whom have struggled to walk the talk. This is an area in which the EU could act more decisively. The large funding gaps for clean energy and energy efficiency could benefit from a financially more proactive EU, including more and better resources for climate action (see section 6 of this paper). The EU has made no commitment to withdraw from fossil fuels, falling behind member states such as Ireland, where the parliament recently voted to cease all investments in fossil fuels.

3.2. The EU and its adaptation to a new climate regime

Based on the intricacy of the EU's climate politics, there is a lingering concern that the EU's climate leadership has simply faded. A more nuanced assessment suggests that, while others have followed the EU example marginally, the EU has adapted to new circumstances, primarily the assertiveness of emerging countries.⁹ The gradual shift towards climate diplomacy and coalition-building has come to counteract the resistance of emerging countries and the US to the EU's normative approach to the climate regime.

Under Kyoto, the attempt to set an international mitigation benchmark focused primarily on industrialised nations, but also on the emerging economies. The EU's attempts to harmonise its own higher mitigation targets with similar efforts by other nations did not succeed. At the Conference of Parties 15 (COP15) in Copenhagen in 2009, the EU proposed a 30% cut provided that other industrialised countries committed themselves to 'comparable emission reductions and economically more advanced developing countries to contributing adequately according to their responsibilities and respective capabilities'.¹⁰ Yet again,

⁸ European Council, 2018.

⁹ Rayner, T., and Jordan, A., 2016; Dupont, C., and Oberthür, S., 2016.

¹⁰ Presidency Conclusions, 2007:12.

though, the proposal fell on deaf ears. Copenhagen was indeed a trauma, with the EU left out of the final negotiations between the US and the BASIC group of countries (i.e. Brazil, South Africa, India and China).

Copenhagen also accelerated an adaptation that would place the EU at the forefront of climate negotiations in Paris. In South Africa, the EU steered the Durban Platform and managed to obtain a commitment to a legally binding agreement after Kyoto in exchange for the longer duration of the Kyoto Protocol.¹¹ At COP21 in Paris, the EU supported the High Ambition Coalition, an informal group of developed and developing countries (encompassing Pacific and Caribbean islands, African countries, Mexico and Brazil, the EU member states, Canada and the US) that pushed for an ambitious agreement. The EU, Germany, France and the UK also helped Southern countries in preparing their intended nationally determined contributions (INDCs). This built more trust among developed and developing countries and formed a big technical contribution to the Paris process.¹²

Box 1: The EU's climate diplomacy

The recent conclusions of the Foreign Affairs Council of the European Union representing EU foreign ministers call for additional climate diplomacy efforts.¹³ An EU Parliamentary report recommends 'that the EU deepens its strategic cooperation at state and non-state level through zero-carbon development dialogues and partnerships with emerging economies and other countries that have a major impact on global warming' (European Parliament, 2018: 12). The report emphasises concerted EU and member state advocacy, and engagement beyond climate specific fora and bilaterally.

In 2017, the EU announced a new programme on strategic partnerships for the implementation of the Paris Agreement in G20 countries with the exclusion of Turkey (i.e. encompassing Argentina, Australia, Brazil, Canada, China, India, Indonesia, South Korea, Russia, Saudi Arabia, South Africa and the United States) plus Iran. The programme is in collaboration with Germany. The EU Commissioner for Climate Action and Energy, Miguel Arias Cañete, stated that the EU needs to 'work more with other major economies to move faster, higher and stronger together. Industry and investors in Europe and globally need us to make steady and consistent progress on the policy front. This is why we are launching this new programme.

The documents above and the programme intend to step up EU-wide climate diplomacy efforts that already exist. Collective diplomacy has been enhanced under the 2009 Lisbon Treaty and with the help of the Green Diplomacy Network, a network of EC and staff from member states that coordinates their external outreach on climate. The ambitions outlined in the Council Conclusions and by the Parliament need better internal coordination and more capacity in the European Commission, in the EEAS and in EU delegations. In particular, the ability to work diplomatically at country level in an EU-wide fashion remains uneven. Potentially, there should be a focal point on climate change or climate-change experts present in all EU delegations.¹⁴

More effective diplomacy is urgently needed at a time when progress on the implementation of the Paris agreement in preparation for COP24 has been slow. There is a risk that the EU's desire to obtain transformative pledges this year as part of the Talanoa Dialogue will be frustrated. In recent years, the EU has emerged as a mediator, a bridge-builder and a technical advisor rather than a leader for others

¹¹ Dupont, C., and Oberthür, S., 2016., Bodansky, D., 2012.

¹² Torney, D. and Davis Cross, M., 2017.

¹³ Council of the European Union, February 2018; Council of the European Union, March 2017a.

¹⁴ European Parliament, 2018; Fetzek, S., and van Schaik, L., 2018; Oberthür, 2016.

to follow. The more flexible approach with multiple entry-points envisioned for the EU's climate diplomacy could produce more results under the Paris agreement, where the betting is that peer pressure, transparency and national accountability will do the job.

4. The EU's external policy framework: clear objectives but little coherence

Although the EU's High Representative Federica Mogherini did not have a strong mandate on climate, she is reputed to take more interest in the topic than her predecessor. The EU's global strategy (EUGS) that was developed under her leadership restates the EU's conceptualisation of climate change as a threat multiplier.¹⁵ The EUGS aims to support partner countries in their energy transition and claims that climate action can promote resilience in the EU vicinity. It recognises that climate change and, if not carefully managed, the energy transition can fuel social tensions, environmental degradation and conflict. Along these lines, the EU has emphasised the climate-security nexus: at a recent high-level conference hosted by the EU, High Representative Mogherini said that 'climate change is already having an impact on our national security and our national interests' and called for multilateral action.

The European Consensus on Development¹⁶ integrates climate change with development cooperation. It refers to adaptation in the chapters on human development, linking it to water management, resilience to shocks, and the sustainable use of national resources among other aspects. However, the big priorities are the NDCs, which include both adaptation and mitigation actions, and sustainable energy objectives:

- addressing access to energy bottlenecks;
- improving energy efficiency and the generation of renewable energy;
- supporting the implementation of the Paris agreement and the NDCs.

The Consensus highlights the relevance of Africa and the Neighbourhood to the EU's Energy Union, an ambitious endeavour to give Europe affordable, sustainable and secure energy. In the context of engagement with MICs, it mentions the promotion of sustainable consumption and production patterns, the sharing of expertise and good practices, and technology transfer to promote renewable energy and the sustainable use of natural resources. The Consensus recognises that MADCs have a major impact on global public goods and challenges, including climate change.

Climate change features in specific external policies, for example in the Neighbourhood Policy and in the European Negotiating mandate for the post-Cotonou agreement.¹⁷ But mention of climate change in policy documents does not necessarily equate with swift action. While climate change is a priority in the Joint Africa-EU Strategy (JAES), results have been mixed.¹⁸ Similarly, the formation of strategic partnerships produced more climate-related cooperation with China, but did not lead to more or better cooperation with India or Brazil.¹⁹

An additional caveat is that policy coherence for sustainable development seems hard to pursue with consistency. Such considerations are of particular salience for MICs, as they are strongly integrated internationally and are affected by other countries' policies well beyond the realm of international

¹⁵ EEAS, 2016.

¹⁶ European Commission, 2017.

¹⁷ European Commission, 2015.

¹⁸ Tondel et al., 2015.

¹⁹ Pavese, C., 2018; Torney, D., 2015.

development.²⁰ The Mercosur-EU trade agreement, which is still under negotiation, aims to foster low-carbon, resilient development, but also gives incentives for GHG-intensive agriculture and farming exports from Brazil, Argentina, Paraguay and Uruguay.²¹

The Energy Community, an international organisation that aims to extend the EU energy market to the southeast of Europe, has gone some way to promote renewables in the area, only after years of scant progress and limited EU pressure on the participating countries.²² As a major importer of energy from countries such as Algeria, Azerbaijan, Colombia, Kazakhstan, Nigeria and South Africa, the EU's choices carry a global weight. Even natural gas, which is a relatively low pollutant, can have extensive social and environmental consequences in exporting countries. EU investments in natural gas can also make renewables less competitive.²³

5. Lessons learned from past engagements with MICs and MADCs

The latest evaluation of EU support for environmental and climate-change action in developing countries²⁴ concludes that the EU has supported country policy-making, environmental conservation, green development and global climate negotiations. Its action has been consistent with its objectives and country demands, and the EU has been instrumental in raising the issue in countries where commitment is low. However, there is plenty of scope for improvement in policy influencing, exploiting synergies and linking country work to global action. While the EU remains an important partner, the scale of action is not big enough to engender transformative change, which would require stronger engagement by the EU and the wider international community, as well as stronger country commitments.

One major message of the evaluation is that national circumstances make a big difference. EU-China cooperation flourished thanks to commitments made by the Chinese government. Initially slow progress in Egypt was reversed thanks to a change of mindset in the national administration.²⁵ Conversely, climate-change cooperation in Ghana and Kenya has faced severe implementation challenges. The following section looks at two middle-income countries and contrasting cases, i.e. China and Ghana, in order to draw lessons on EU action for climate change at country level.

5.1. The deep engagement between the EU and China

Initial China resistance to cooperation eased over time thanks to a mix of high-level political engagement, a multiplicity of policy dialogues and technical cooperation programmes on low carbon development.²⁶ The EU's engagement with China on climate change was boosted by the establishment of an EU-China strategic partnership in 2004. High-level political engagement helped raise the profile of climate change among senior Chinese politicians, who started to feel that they had to respond to such pressure. The UK and German presidencies of the EU and the G8 in 2005 and 2007 respectively put climate change high on the agenda. Former European Commission President Barroso and other European Commissioners also raised the issue in their visits.

²⁰ Alonso, J.A., 2014.

²¹ Pavese, C., 2018.

²² Savitsky, O., 2018; for an earlier assessment, see: Mileusnić, D., 2015; Buhl-Nielsen et al., 2015b.

²³ Roggenbuck, A., and Trilling, M., 2016.

²⁴ Buhl-Nielsen et al., 2015a.

²⁵ Buhl-Nielsen et al., 2015b.

²⁶ For more details, see Torney, 2015.

After the Copenhagen debacle, China and the EU upgraded their climate cooperation to ministerial level. Diplomatic collaboration with China to keep the momentum behind the Paris agreement is ongoing, as is testified by the recent 2nd Ministerial on Climate Action co-hosted by the EU, China and Canada.²⁷ A recent joint Leaders' Statement on Climate Change and Clean Energy (2018) envisions stepping up cooperation in climate and other fora and with bilateral projects.

Dialogues on climate change and related areas (such as energy, urbanisation and forestry) were initiated, some of which worked with more regularity and speed than others. The major achievement of EU cooperation on climate change is probably the transposition of the Emission Trading Scheme (ETS) to China. The EC's unique expertise as developed for its own ETS was paramount in the launch of a series of sub-national pilot projects, preceding the launch of a national Chinese scheme in 2017. Other incentives came from the previous linking of the European ETS to the Clean Development Mechanism, which allowed for the offsetting of international emissions under the Kyoto protocol.

Box 2: The EU's technology and expertise

European expertise and technology are a major asset that is in high demand from country partners among MICs and MADCs.²⁸ The EU's extensive set of regulations, policies and mechanisms signals its leading low-emission capacity.²⁹ However, the field of decarbonisation and renewables is evolving fast and the EU is at risk of losing its competitive advantage as other players gain expertise and invest more. The share of EU investment in renewable energy declined from 50% in 2010 to 15% in 2017; today, developing and emerging economies are actually investing more.³⁰ China is leading the way in financing renewable energy and has a growing potential in cutting-edge sectors such as electric cars and cooling.³¹

There are potential entry points for sharing and jointly developing innovations, for example in the EU-Brazil dialogues on energy, forest, and vulnerability. Low-carbon business projects have been started in Brazil and Mexico that link European with local companies. EU-India cooperation has been problematic, but some entry points might develop in the light of India's own desire to increase its use of renewable energy and to India-led initiatives such as Clean India, Smart Cities and the Solar Alliance.³²

Cooperation on carbon-storage technologies, clean energy and energy renewables has been more complex due to a growing resistance in Europe to funding projects in China and to sharing commercially sensitive information with Chinese counterparts, and also due to the differences between the bureaucratic and legal frameworks in China and the EU. However, the EU-China Institute for Clean and Renewable Energy opened in 2012 and includes European partners from six countries. In 2016, the EU and China agreed on an extensive road map for energy cooperation.³³ Further opportunities remain to be explored at sub-national level as well as in sectors such as transport. The establishment of a revamped environmental ministry and a new development agency in China could provide new entry points for enhanced cooperation.³⁴

A number of lessons may be drawn based on the experience in China. First, a mix of tools that work at different levels is of huge value. In the case of China, diplomatic engagement and policy dialogue built

²⁷ Ministerial on Climate Action, 2018.

²⁸ Di Ciommo and Sayós Monràs, 2018.

²⁹ Oberthür, S., 2016.

³⁰ REN21, 2018.

³¹ Transport and Environment, 2018; K-CEP/Development Reimagined, 2018.

³² Jörgensen, K., 2017; Sachdeva, G., 2015.

³³ European Commission, undated.

³⁴ Li et al., 2017.

momentum, while concrete demonstration projects eased scepticism and built government capacity. Crucially, the mix of tools nurtured a national climate constituency that could advise the government and exploit low-carbon economic opportunities. This is particularly relevant for countries subjected to graduation (either out of aid due to DAC rules or EU differentiation), for example in Latin America, where bilateral projects have been phased out. It is also important to bear in mind that the debate on 'beyond-aid partnerships' sometimes focuses on single tools – whether this is blending, peer-to-peer exchanges or policy dialogue – whereas in the case of China a more comprehensive approach produced the best results.

Secondly, a combination of EU-wide engagement and the deployment of European expertise in the Commission and member states was crucial as a means of increasing political pressure, but also in order to arouse Chinese interest in the European offer. The multiplication of entry points allowed opportunities to be grasped and placed more pressure on the Chinese government. The opportunities and challenges in relation to the EU and member states working together are a *leitmotif* in EU policy-making circles. Again in the case of China, synergies were not fully exploited and even today it is still impossible to draw a clear map of European climate activities in China.

Finally, the Chinese experience might well be hard to replicate elsewhere. The national conditions in China do not necessarily exist elsewhere: EU-China collaboration rests on a change in attitudes to climate change in China fuelled by incentives from the climate regime (such as cooperation and technology), green growth opportunities and domestic environmental concerns. China also evolved 'from [a] suspicious and ambivalent to active and assertive' international actor.³⁵ As the largest GHG emitter, China can look to a very strong cost-benefit logic for climate investments. This logic is absent in most of the rest of the world.

5.2. The EU experience in Ghana: high needs, limited results

Ghana is severely vulnerable to climate change due to desertification, coastal erosion and extreme and shifting weather conditions. Its agriculture sector is highly dependent on climate patterns. Ghana has made remarkable progress in poverty reduction: the percentage of the population living below the poverty line fell from 33.5% in 2000 to 11.7% in 2013. However, there were still 3.1 million people in extreme poverty in 2013. Due to its vulnerability and its low level of readiness, both adaptation and mitigation action are urgent. The fact that the country's oil and gas resources are big contributors to the national economy means that environmental preservation is paramount to its sustainability.

The programming of funds from the EU's 11th European Development Fund (EDF) for Ghana offered opportunities to implement EU commitments to mainstream climate change into development policy. New programming rules meant more exchanges between EU headquarters in Brussels and the EU delegation in Ghana, which resulted in a greater emphasis on climate change adaptation. The broader EU commitment to allocate 20% of EU external funding to climate-change action helped to sharpen the focus on adaptation during the formulation of the National Indicative Programme (NIP) (Republic of Ghana and European Union, 2014). However, climate change and sustainable development only noticeably informed the section on agricultural development. The section in the NIP on employment and social protection does not mention climate change at all. Although the NIP narrative on public sector management and accountability undertakes to pay specific attention to Environmental and Natural Resources (ENR) as central to economic sustainability, climate and environmental concerns appear to carry limited weight overall.

³⁵ Li, X., 2017: 257; Li et al., 2017.

Until 2014, Ghana received budget support, coupled with policy dialogue and technical assistance, under the Multi-donor budget support framework (MDBS) for ENR and agriculture. The MDBS evaluation concluded that this coupling led to better policy formulation, including the National Environmental Policy and the National Climate Change Policy.³⁶ Ghana was also the first country to join the Voluntary Partnership Agreement (VPA) on trade in legal timber with the EU and developed its own timber legality assurance system to address illegal logging. However, policy implementation and concrete social and environmental outcomes in the agriculture and ENR sectors have been weak. The small scale and short duration of the programmes, the lack of economic alternatives for the local population, and local vested interests have resulted in a limited impact, for example on the sustainability of forestry management and mining activities.

The thematic evaluation of EU support on environmental management and climate change³⁷ came to a similar conclusion. The evaluation report adds that the lack of climate-change capacity at the EU delegation and the relative absence of synergies between thematic and geographic programmes also played a role.

Both the MDBS and the thematic evaluations signalled greater interest in climate change domestically as well as a commitment to the SDGs. Recent developments look more positive, although it is too early to make a case for success. Ghana has been a success story for European joint programming and a test case for the establishment of beyond-aid approaches. The European Joint Cooperation Strategy 2017-2020³⁸ includes proposals for joint action on energy, sustainable agriculture and climate advocacy. A new programme on climate resilience in the Savannah has recently been approved. Ghana developed a National Climate Change Master Plan for 2015-2020 and submitted its NDC.³⁹

So far, EU-Ghana cooperation on climate change has been tested by both EU and partner country realities.⁴⁰ The first consideration from the evidence available from Ghana is that overarching objectives for climate change action can galvanise interest in climate change during the internal EU programming discussions (i.e. among country teams and between EU Delegations and headquarters). However, they remain European incentive mechanisms that cannot *per se* beat the resistance or disinterest of national actors. Sectoral concentration and the requirement for ownership of geographic programming can form a problem if country partners' priorities lie elsewhere. The time might be right for a change in Ghana, but whether this will actually happen, remains to be seen.

Secondly, as the case of China shows, working at the diplomatic level to raise the profile of climate change among senior policy-makers helps to raise pressure on the partner country. The case of Ghana shows that there is also a need to raise such interest (and capacity) among EU delegations: climate-related meetings were attended by dedicated officials and rarely by Heads of Delegation or Heads of Cooperation, in contrast with meetings on governance issues or budget support.

Thirdly, the evaluations mention, in the context of poor results, that although the involvement of civil society had some positive effects, 'vested interests' and the 'national political economy' proved stronger in the end. Agenda 2030 lends itself to interpreting national ownership in a broader sense as incorporating non-state actors meaningfully in development planning and going beyond governmental backing. The EU

³⁶ Ladj et al., 2017.

³⁷ Buhl-Nielsen et al., 2015b.

³⁸ European Partners Working Together in Ghana, undated.

³⁹ Republic of Ghana, 2015.

⁴⁰ For more details, see: Buhl-Nielsen et al., 2015b; Adelle et al., 2017.

should deepen and effectively implement this broad conception to work politically with academia, civil society, businesses and local administrations that share EU objectives and, where appropriate, endorse national actors' causes and views. This is an important consideration in the light of the top-down, HQ-led approach that characterised geographic programming in the past and the outdated ownership model represented by the role of the governmental National Authorising Officer system under the post-Cotonou agreement.⁴¹

Finally, such deep engagement is very resource-intensive and contrasts with the reality of limited climate capacity in both EU delegations and the EEAS, and also in DG CLIMA and DEVCO. The fact is that some degree of prioritisation will be needed in terms of both themes for engagement and countries. This could be a challenging prospect for a Union that sometimes seeks to wear too many different caps. As previous studies have suggested, such choices could become less painful if there was better collaboration with member states and if more efficient use was made of EU tools for engagement.⁴² This is an area in which Ghana is an example worth monitoring closely.

6. Looking into the future: the post-2020 EU budget

The negotiations on the forthcoming European Multiannual Financial Framework (MFF), i.e. the EU budget for 2021-2027, and the ensuing programming process will be a catalyst for a debate on climate-change policy and EU engagement with MICs and MADCs. Negotiations on the MFF are already proceeding in earnest, and were formally initiated by the European Commission's proposals announced in May and June of this year.⁴³ The implications for the EU support for climate-change action in MICs and MADCs are difficult to ascertain at the moment, not least because the proposals have to go through a cumbersome negotiating process. However, some themes are starting to emerge.

6.1. The place of climate action in the future budget

The European Commission proposed increasing the share of the EU budget that goes to climate-related initiatives to 25% in the 2021-2027 budget. This is a rise in the current commitment to spend 20% of the budget on climate-related initiatives.⁴⁴ Although the response has generally been positive, various actors, including the European Parliament and some member states, have suggested that the percentage should actually be higher. Civil-society organisations have also pointed to the fact that a climate-proof European budget should go further, for example in phasing out fossil fuels and making sure that all EU investments are climate-compatible. In line with the recommendations of the European Court of Auditors, they have called for an improvement in the quality of European investments in climate action and for better mechanisms to track mainstreaming.⁴⁵

All in all, the rise in the share of the budget allocated to climate-related activities signals a continuing commitment to climate change. At the same time, more could certainly be done, especially in the light of the deep funding gap that exists in the EU and externally. From an external action perspective, allocating a bigger share of the EU budget to climate action could mean boosting the key role played by EU institutions in climate financing. The EU Institutions, i.e. the EC (including the European Development Fund, (EDF), the European Investment Bank (EIB) and the European Bank for Reconstruction and

⁴¹ Herrero et al., 2015; Bossuyt et al., 2016.

⁴² Di Ciommo, M., and Sayós Monràs, M., 2018.

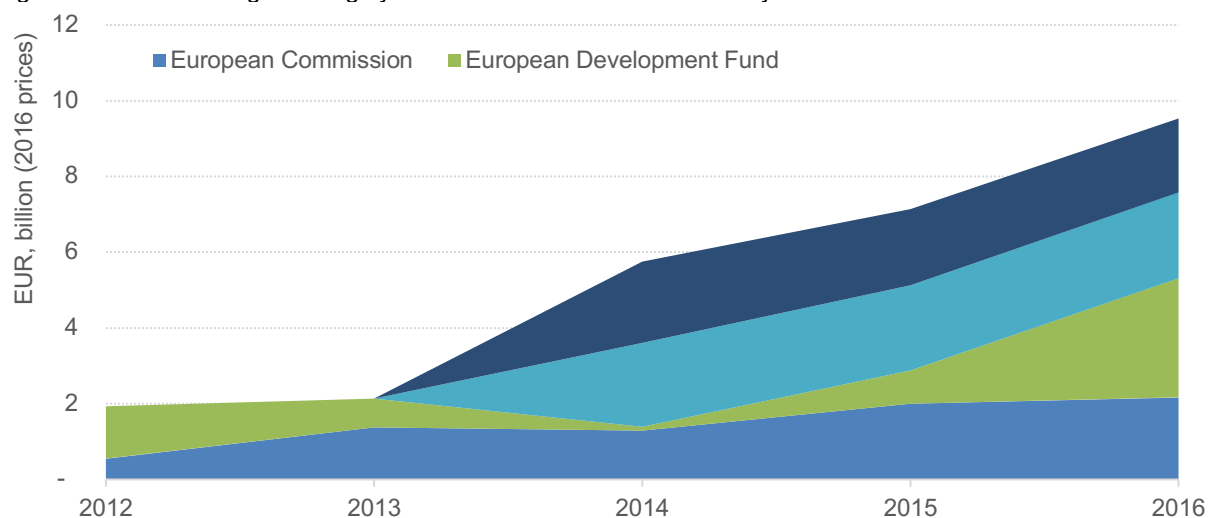
⁴³ European Commission, 2018a; European Commission, 2018b; European Commission, 2018c.

⁴⁴ European Council, 2013; European Commission, 2018b.

⁴⁵ Gaventa et al., May 2018; CAN, June 2018; European Court of Auditors, 2016.

Development (EBRD), together are important suppliers of climate finance. In 2016, these three institutions committed €9.5 billion to climate-related development finance, an increase of 34% (€2.4 billion) compared with the year before.

Figure 1: Climate-change funding by EU institutions has risen in recent years



Source: *Climate Change: OECD DAC External Development Finance Statistics*

The EC (including the EDF) alone was the third largest supplier of finance in 2016, after Japan and Germany. It increased allocations to €5.3 billion in 2016, 85% more than the year before. Although the rise might be partially the result of better reporting rather than greater commitments, the upward dynamic should be attributed also to a push towards the 20% climate mainstreaming target. Resources committed by the European banks do not count against the target.⁴⁶

6.2. The logic of the new financing architecture

The European Commission proposed increasing external funding to €123 billion in current prices (€108.9 billion in real terms), representing 13% real growth compared with the 2014-2020 envelope.⁴⁷ The idea is for a new, broad Neighbourhood, Development and International Cooperation Instrument (NDICI) to integrate the EU's external funding instruments in a large €89.2 billion envelope (€78.9 billion in 2018 prices). The instruments that are most relevant to climate action in MICs and MADCs that would fall under the NDICI are both thematic (i.e. the Partnership Instrument (PI) and the DCI-Global Public Goods and Challenges Programme (GPGC) and geographic (i.e. the European Neighbourhood Instrument, (ENI) the Development Cooperation Instrument (DCI) and the EDF).

A more interest-driven narrative, accompanied by an increase in resources and a streamlined architecture, could bring some benefits to those MICs and MADCs which are relevant to the EU agenda, including in connection with climate change and its linkages with energy security, security and climate refugees. Broadly speaking, our interviewees agreed that the logic of mutual interests underlying the PI has not been detrimental to climate action in MICs. However, such a logic might also mean that countries which do not hold much interest for EU policy-makers but have high climate needs, for example in Asia and Latin America, would lose – or would continue to have low – traction. Allocation decisions will be taken during programming, a process that needs to be closely monitored.

⁴⁶ European Court of Auditors, 2016.

⁴⁷ Jones et al., 2018.

6.3. Governance arrangements

Exactly where management responsibilities for the NDICI will sit within the European Commission could have a considerable impact on climate funding to MICs. The proposal merges instruments managed by different Directorates-General (DG). Climate resources come from the DG for International Cooperation and Development (DEVCO), the DG for Neighbourhood and Enlargement (DG NEAR) and the Foreign Policy Instruments (FPI). Although the DG for Climate Action (DG CLIMA) and the European External Action Service (EEAS) do not manage any funds, they do play an important role in initiating, planning and executing climate action.

The interviewees confirmed that there was collaboration across institutional boundaries, but also highlighted tensions between different institutional objectives. Whereas DG CLIMA considers essential collaboration with major emitters, where there is a greater potential for mitigation, DEVCO focuses on poorer countries and Africa. This has meant that funding for actions in MICs and MADCs has not always been forthcoming, including under thematic programmes, and that some bilateral programmes have been phased out, for example in Latin America. DG CLIMA has made frequent use of the PI, which is however too small to satisfy demand. Political interest on the EU side has been an important factor in terms of mobilising resources for cooperation on climate change with countries such as Colombia and Chile.

6.4. The balance between geographic and thematic funding

The NDICI proposal allocates most resources to geographic programmes and considers thematic programmes to be complementary. The latter are to be dedicated to global and transregional initiatives or activated only if geographic programmes are suspended or absent and there is no agreement with the partner country in question.⁴⁸ Similarly, rapid response actions would complement geographic programmes, and support foreign policy actions.

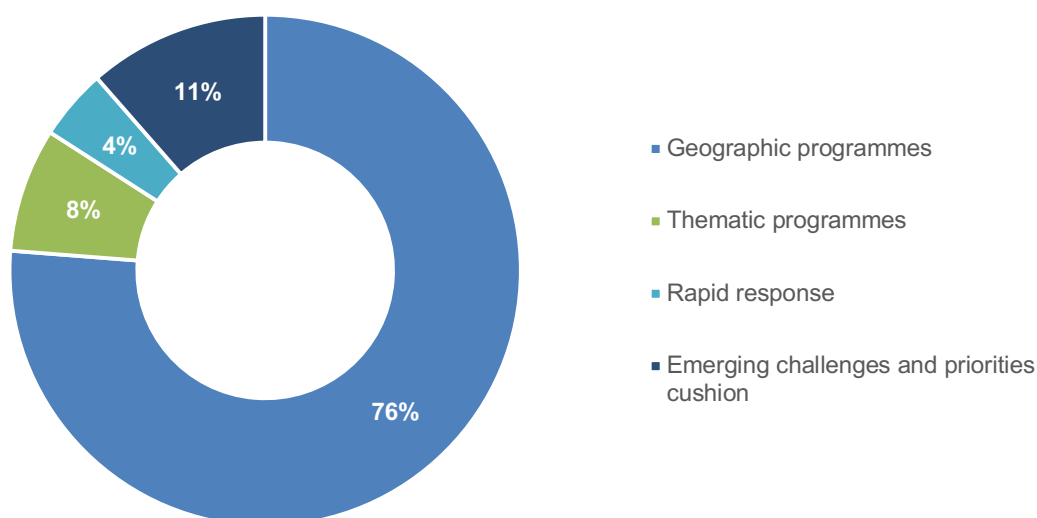
The Global Challenges programme would specifically cover climate change. So far, thematic programmes have been vital for climate action in major emitters as they have been affected by EU graduation policy (see below). If certain countries remain excluded from such support in the future MFF, these programmes are likely to be stretched, as is currently the case with the existing PI and GPGC.⁴⁹ Some member states are known to favour an increase in funding for thematic programmes and a greater focus on climate change, so this could be a point in the negotiations.

Climate mainstreaming would occur across all NDICI pillars and the NDICI regulation also includes a specific commitment to spend 25% of the instrument on climate-related issues (independently of the MFF-wide commitment). The prominence of the geographic pillar (76% of NDICI) suggests that geographic funds will need to play a major role to meet the target.

⁴⁸ European Commission, 2018c.

⁴⁹ Bossuyt et al., 2017.

Figure 2: Geographic programmes remain the largest



Source: ECDPM calculations based on European Commission data

One positive aspect of the prominence of geographic programmes is that EU delegations and national stakeholders could have a stronger say in programming. Another potentially positive outcome is better climate change mainstreaming in geographic programmes. However, this could turn out to be a problem in those countries where climate change does not receive enough attention. Evidence from the previous programming phases shows that this is often the case.⁵⁰

6.5. Graduation policy and the geographic focus

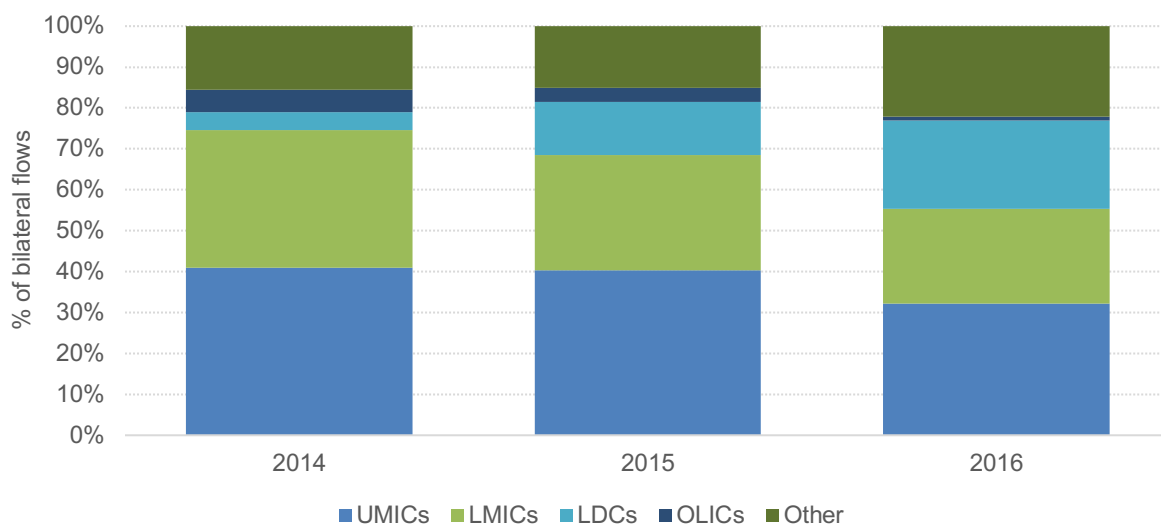
The NDICI regulation leaves scope for the re-establishment of bilateral funding to countries that were subjected to the graduation principles under the previous EU development policy, i.e. the Agenda for Change that guided programming for 2014-2020.⁵¹ The intention is to allocate limited resources to bilateral actions that are compliant with criteria for development assistance (known as ‘dacable’). The prevailing sentiment is that graduation has been a problem and that some small bilateral resources would be a useful means of initiating climate-related pilot projects, co-funding actions, blending or supporting awareness-raising initiatives in conjunction with climate-sensitive administrations or civil-society organisations. Although there was a consensus among our interviewees that co-funding shows leadership from the partner country, some of them commented that certain costs are hard to justify for partner countries (e.g. technical assistance). However, others thought that richer developing countries should take financial responsibility under the climate regime and that they should not receive resources at the expense of poorer countries.

Such debates concern European Commission climate resources, which indeed focus largely on LDCs. The EC (including the off-budget EDF) allocated 23% of climate-related resources to MICs and 39% to LDCs in 2016. The rest was allocated primarily to regions independently of countries’ income status. However, an overview of all EU institutions, i.e. the EC including the EDF, EBRD and EIB, presents a very different picture. MICs (58%), and upper-middle income countries (34%) in particular, account for the bulk of the EU’s climate-related commitments in 2016. LDCs receive less than half the resources (23%). In previous years, MICs received even larger shares of climate funding from EU institutions.

⁵⁰ CONCORD, 2018.

⁵¹ Di Ciommo, M., and Sayós Monràs, M., 2018)

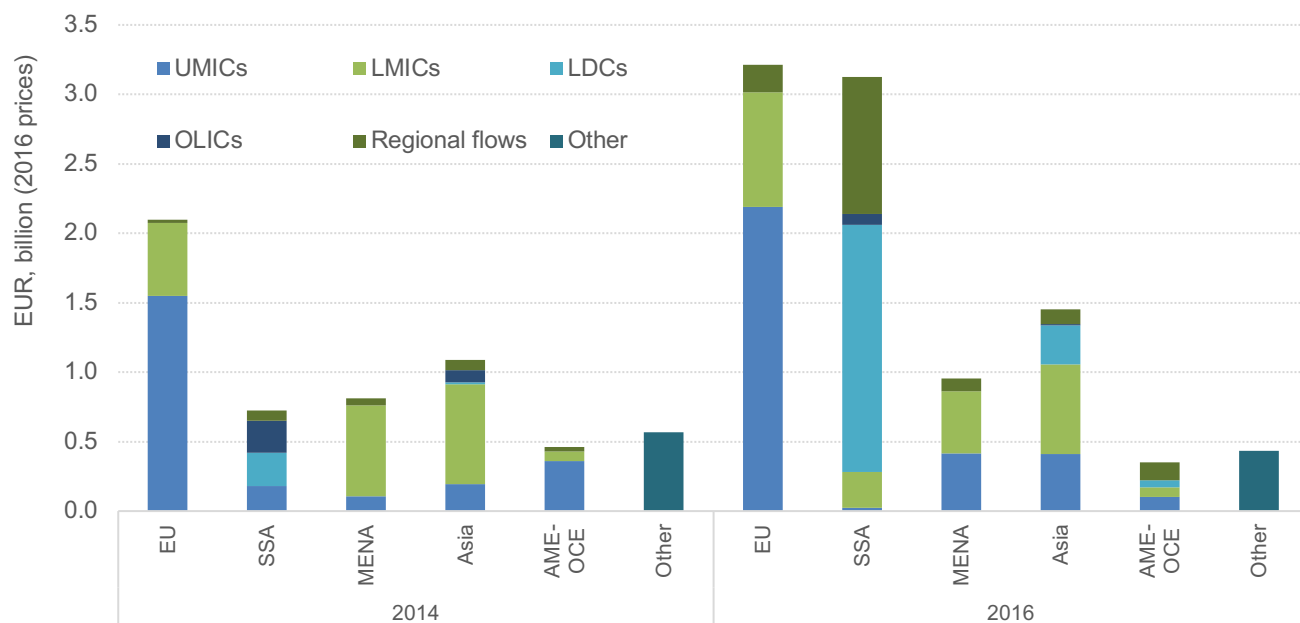
Figure 3: Most climate-action funds from the EC and European banks go to MICs



Source: Climate Change: OECD DAC External Development Finance Statistics; Other includes regional funds and funds unallocated geographically

EU institutions all figured among the top donors of climate funding to MICs in 2016. The EBRD was the 4th largest, the EIB the 6th largest and the EC (including the EDF) the 9th largest. Taken together, they would be the 3rd largest after Japan and the World Bank (see annex 1).

Figure 4: Climate financing follows the wider EU pattern of allocations to nearby regions



Source: Climate Change: OECD DAC External Development Finance Statistics; Notes: The UMIC category includes states of the former Yugoslavia. Regional aid is proportionally attributed to each region. EU is Europe, SSA is Sub-Saharan Africa, MENA is Middle East and North Africa; Asia is Far East Asia and South and Central Asia; AME includes North and Central America, and South America; OCE is Oceania. Regions are according the OECD DAC distribution 'Others' includes funds unallocated geographically.

Most climate resources from EU institutions go to the European neighbourhood, mirroring wider bilateral patterns.⁵² However, this is overwhelmingly due to large sums committed to Turkey for mitigation projects and disbursed by the EBRD and the EIB in 2016. The EBRD disburses funds only to countries in the EU vicinity, which are all middle-income. Although the EIB has a more diversified portfolio, most funds still go to MICs.

The prominence of the Neighbourhood and Africa in EU external policy suggests that this pattern is likely to persist.

6.6. The role of innovative financing mechanisms

While all climate resources disbursed through the EC (including the EDF) are in the form of grants, the EBRD and the EIB make exclusive use of debt instruments and equity with different levels of concessionality (or none) and a different emphasis on development purposes. This distinction is important as the nature of each resource has implications for its use. To give an example, blending mechanisms work well for sustainable private-sector development, but are inadequate for supporting a network of climate-related civil-society organisations.

According to one of our interviewees, the amount of resources deployable by the EC represents ‘the tip of an iceberg’ of what is needed. To stay with the analogy, without the sort of resources available to development banks, the iceberg would melt due to unabated climate change. The NDICI is intended to fund a new European Fund for Sustainable Development Plus (EFSD+), which would be global in scope and finance blending, guarantees and other operations, building on the experience of the EU’s External European Investment Plan (EIP).⁵³

However, the EFSD+ does not set a specific target for climate action and climate change is not emphasised as a priority. This is a regrettable omission, considering that the current EFSD assumes that at least 28% of investments will be made in climate action. This figure is even higher than the proposed 25% climate mainstreaming target proposed for the future MFF and the NDICI. A future EFSD+ should therefore presuppose at least the same level of commitment. This is particularly relevant as the EIB is committed to a minimum of 35% of climate-related lending operations in developing countries; the EBRD to 40%.

Blending can certainly be a useful tool in specific contexts and can solve the financing problems identified by the EU evaluation report on climate and environment.⁵⁴ It plays a major role in the energy sector and the EC has high expectations of the leveraging effect of blending, i.e. about 8, broadly in line with similar experiences.⁵⁵

Caution should be exercised, however, in approaching blending as a solution to all climate needs and as an instrument for fostering climate justice in particular. MICs are the largest recipients of EU blending, so an increase in such operations could expand their access to resources. But reports on the impact that projects financed by blending have on the environment and on the most vulnerable people in MICs are far from reassuring. Evidence of development additionality is weak or non-existent in the case of EU blending operations.⁵⁶ The environment in which the EU banks operate is also changing and is

⁵² Di Ciommo, M., and Sayós Monràs, M., 2018.

⁵³ Große-Puppenthal, S., and Bilal, S., 2018; Bilal, S., and Große-Puppenthal, S., 2018.

⁵⁴ Buhl-Nielsen et al, 2015a.

⁵⁵ Grosse-Puppenthal et al., 2017.

⁵⁶ Grosse-Puppenthal et al., 2017; Buhl-Nielsen, E., 2016.

jeopardising their mandate to use EU resources for sustainable development. International standards on social and environmental safeguards are becoming weaker and national regulatory systems in MICs risk to follow this trend.⁵⁷ The EIP's combination of political dialogue, European technical and regulatory expertise and financing could reduce this risk.

6.7. The balance between mitigation and adaptation

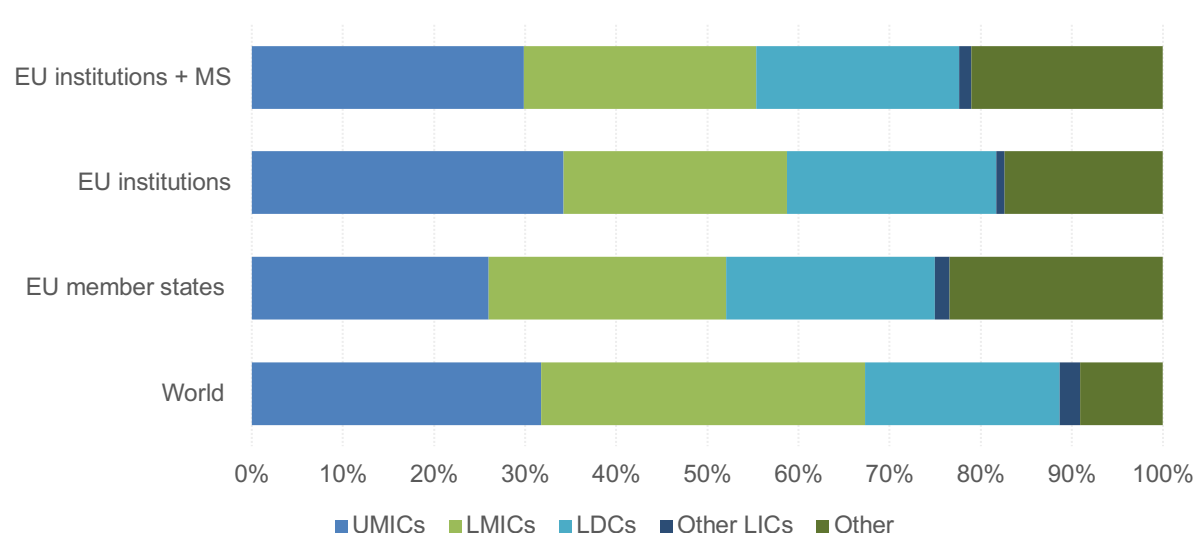
The draft NDICI regulation does not refer explicitly to how resources should be distributed between mitigation and adaptation. While the EC (including the EDF) scores well on the balance between mitigation and adaptation and most of its projects integrate both concerns, a stronger commitment to adaptation would be welcomed. Important decisions on the balance between mitigation and adaptation are left to the programming phase.

This is of particular relevance to MICs and to the complementarity of the broader range of EU external financing instruments for climate action. The EC could play a stronger role in adaptation, bearing in mind that the vast majority (over 95%) of EIB and EBRD funds go to mitigation.⁵⁸

6.8. The EU institutions and member states working together for climate

The EU institutions plus the EU member states are large providers of climate-related development finance. Of the estimated €33.6 billion of global climate-related development finance commitments made in 2016, 58% originated either in the EC or in EU member states, with the latter responsible for the majority.

Figure 5: EU member states also allocate large resources to MICs



Source: *Climate Change: OECD DAC External Development Finance Statistics*; 'Others' includes regional funds and funds unallocated geographically.

The potential impact of jointly leveraging this European market share is enormous, in terms of scale, synergies and reach. In the case of climate action, some joint initiatives do exist, such as the Spain-

⁵⁷ de Souza Borges, C., and Cortez Da Cunha Cruz, J., 2018.

⁵⁸ See also Dejjgaard, P., and Appelt, H., 2018.

Germany-EU NDC Support Programme, which provides technical assistance to 25 developing countries, including emerging economies. Another case in point is the NAMA Facility for Low-Carbon Development, supported by Germany, the UK, Denmark and the EU. But the EU and member states are certainly pulling below their weight in this regard, as these examples do not amount to systematic collaboration.

There is scope for considerably improving coordination between the European Union and its member states.⁵⁹ As the case of China shows, there are advantages in multiplying entry points, but such a strategy could be pursued explicitly within a more coordinated approach which at the same time would reduce overlaps and exploit the leverage offered by the scale and reach of EU-wide joint efforts.

In line with the European Consensus on Development, the NDICI regulation states that the EU and its member states should consult each other to 'promote coherence, complementarity and consistency' in their cooperation. It encourages joint programming, which can be opened up to other donors.

Box 3: Trilateral cooperation and support for South-South cooperation

The European Council welcomed the 'climate finance contributions by some emerging economies and developing countries' and pointed out that the Paris Agreement invites parties free from obligations deriving from the agreement to provide climate financing on a voluntary basis.⁶⁰ It urged developing countries to contribute to the Green Climate Fund, provided that they were in a position to do so.

In a later document, the European Council referred to 'newly established multilateral development banks', most likely the New Development Bank and the Asian Infrastructure Investment Bank.⁶¹ Both institutions have marketed themselves as sustainability-oriented, but have yet to effectively operationalise this principle. The European experience could be useful in this regard.⁶²

Some South-South cooperation initiatives already exist. China launched a climate-dedicated fund in 2015.⁶³ Brazil is preparing a programme dedicated to forests and climate change. India launched its International Solar Alliance, a coalition of sun-rich countries aimed at meeting their energy gap.

The EU supports some South-South and trilateral cooperation, for example EUROCLIMA in Latin America, CLIMA SOUTH in the Southern Neighbourhood and the Caribbean Agrometeorological Initiative.⁶⁴ In 2015, the EU and China agreed to strengthen cooperation on the ETS under the Belt and Road initiative and envisioned an interregional Euro-Asian carbon-trading market.⁶⁵ However, steps that transcend the Paris agreement are needed in order to overcome the many political and bureaucratic challenges to trilateral cooperation and to achieve better alignment between South-South and North-South cooperation.⁶⁶

⁵⁹ European Court of Auditors, 2016.

⁶⁰ European Council, 2016.

⁶¹ European Council, 2017b.

⁶² de Souza Borges, C., and Cortez Da Cunha Cruz, J., 2018; Griffith-Jones, S., and Leistner, S., 2018.

⁶³ Li, X., 2017; Weigel, M., 2016.

⁶⁴ UNOSSC/South Center, 2017.

⁶⁵ Li X., 2017.

⁶⁶ Castillejo, C., 2014; Di Ciommo, M., and Sayós Monràs, M., 2018.

7. Conclusions: successes, struggles and upcoming opportunities

The EU engagement on climate change with MICs and MADCs seems to be a collection of different stories, of successes as well as of struggles. The big GHG emitters have engendered both frustration and transformation within the EU. While its domestic example has led only to sporadic emulation, the EU has usefully reinvented itself as a mediator, bridge-builder and technical advisor. Its climate diplomacy, including better coordinated efforts with member states, has helped to 'break the ice' with other big GHG emitters, including through major support to the Paris agreement and exploiting the fluidity of the CBDR-RC principle. As a result, new political configurations that cross the North-South divide emerged and the EU has found new allies in China, Latin America and in other regions.

An effective use of European climate diplomacy could bring much needed momentum in the coming months. The implementation of the Paris Agreement is proving easier said than done, and the European diplomatic contribution is invaluable in order to sustain political momentum, provide technical input for the negotiations on the rulebook at COP 24 and afterwards, and in order to raise ambitions in the Talanoa dialogue. The EU analysis that engagement should go well beyond the climate regime to encompass other fora and strengthened work at country level is overall correct, but the scale of such a change seems to require a clear reflection on how to do this in practice.

In fact, other areas of EU action have been far less successful. Policy coherence for sustainable development and climate in particular seems to be one area in which the EU will need to invest more in the future. This is a necessary step if the EU is to get more out of its partners in trade agreements, for example, and if it is to raise the issue of climate change in bilateral meetings and in meetings that do not have climate as a focus. In this instance, the EU position would be much stronger if its own action was more coherent.

At a country level, the EU's efforts have also had mixed results. On the one hand, China has made a very conscious decision to exploit the benefits of cooperation with the EU to its own advantage and in support of climate action. European technological and regulatory know-how has been a cornerstone for the establishment of the Chinese ETS and for building domestic capacity for clean technologies. There are plans for extending collaboration in the Euro-Asia region. On the other hand, the case of Ghana shows that climate action can be problematic in a context where the issue does not receive the necessary attention and where wider governance issues exist. More broadly speaking, the limited scale of EU initiatives; the difficulty to link global action to national initiatives in developing countries; and the fragmentation of its action between thematic and geographic programmes and between the EU and its member states also play a role.

A more synergetic country engagement based on clear but flexible objectives could ease difficult but honest decisions on where and how the EU should engage. More capacity and greater commitment to climate are certainly needed. But realism suggests that the widely acknowledged capacity constraints at EU headquarters and at the EU delegations that limit the effectiveness of EU climate action are not going to disappear any time soon. In this sense, the EU institutions would do well to reflect on how better to frame their country engagements and where to put their efforts. The idea to have clearer country guidance through country framework documents envisioned by the NDICI regulation is a step in the right direction. A EU-wide approach that could exploit the EU expertise and network would add tremendous value to the EU collaboration with MICs and MADCs.

The EU is in the process of updating its regional relations in 2018 and 2019. An EU-Asia Summit is set for October 2018, one of the focuses being sustainable development and climate change. EU-Africa relations are high on the agenda and the negotiations on the future of the Cotonou Partnership Agreement are due to be launched by the end of 2018. The EU's strategic relations with Latin America and the Caribbean will also be updated. What direction these give to climate change issues will also have a significant impact on how the cooperation between the EU and the MICs and MADCs actually works out in practice over the coming years.

Although the 25% mainstreaming target proposed for the 2021-2027 MFF is a welcome advance, climate action requires a much higher level of resourcing. At the onset of negotiations, there would appear to be scope for greater ambition. Provided the NDICI survives the negotiations, decisions on the governance of the future NDICI, the balance of thematic and geographic programming, graduation, geographic focus, and the balance between mitigation and adaptation will determine how individual MICs and MADCs will be affected.

The programming guidelines will further influence collaboration between the EU and its partner countries among MICs and MADCs, as they set out the principles and the processes on the basis of which allocation decisions will be made. They will also determine how to mainstream climate-change action into wider EU external action and how to maximise synergies between the different funding flows. The plea for more EU-wide collaboration that we regularly encountered during this study applies particularly to climate financing and country work. Fundamentally for MICs, programming is also where co-benefits and synergies between the SDGs and climate action should be concretely explored. This is paramount in countries with entrenched structural and multiple inequalities that risk being exacerbated by climate impacts and worsened by mitigation action, the latter neglects its social footprint.

Although European Commission President Juncker has reiterated that he would like to see the next MFF approved by May 2019 and has endorsed more ambitious domestic climate mitigation targets, in time for the European parliamentary elections, talks on a new budget are more likely to be finalised with a new European Parliament. The new European Commission will also set the tone for future European external action, engagement with its most advanced developing countries partners, and climate change.

Annex 1: Climate resources supplied to MICs in 2016, by provider, euros

Provider	LMICs	UMICs	Total
	(A)	(B)	(A+B)
Japan	4,456,161	1,657,306	6,113,467
WB	2,968,285	2,558,175	5,526,460
Germany	1,991,087	1,805,002	3,796,089
EBRD	432,613	1,826,303	2,258,916
IADB	399,312	1,777,611	2,176,923
IFC	597,797	1,333,728	1,931,525
EIB	1,158,619	742,906	1,901,525
France	809,179	1,040,102	1,849,281
AsDB	930,546	575,353	1,505,899
EU institutions (excl. EIB)	655,706	570,700	1,226,406
GCF	487,838	392,124	879,962
CIF	398,209	9,043	407,252
United States	295,711	60,687	356,398
AfDB	284,545	20,585	305,131
GEF	145,272	138,821	284,093
Norway	101,232	144,528	245,760
Canada	133,745	30,090	163,835
IFAD	116,444	44,637	161,082
Switzerland	87,968	62,238	150,205
Australia	88,684	14,695	103,380
United Kingdom	45,356	56,046	101,402
Sweden	55,746	36,951	92,696
Belgium	44,344	24,393	68,737
Korea	41,021	13,700	54,720
United Arab Emirates	615	27,129	27,744
Netherlands	13,992	12,215	26,206
Spain	16,332	9,761	26,093
Denmark	9,122	4,214	13,336

Italy	3,386	6,333	9,719
GGGI	5,624	3,381	9,005
Adaptation Fund	2,311	6,285	8,597
Ireland	7,981	261	8,242
New Zealand	6,728	1,075	7,804
Austria	6,125	1,047	7,172
Luxembourg	6,276	568	6,844
Finland	4,855	1,526	6,381
Czech Republic	1,172	731	1,903
Portugal	1,266	117	1,382
Poland	1,062	162	1,224
Slovenia	3	1,022	1,025
Greece	189	444	633
NDF	480	-	480
Lithuania	227	130	356
Slovak Republic	4	-	4
Iceland	2	-	2

Source: *Climate Change: OECD DAC External Development Finance Statistics*

Annex 2 – EU Institutions climate funding, recipients, 2016, EUR million

Country	Income group	EC	EDF	EBRD	EIB	Total
Turkey	UMIC	300.32	-	961.49	537.92	1,799.73
Ukraine	LMIC	-	-	162.01	532.23	694.24
Rwanda	LDC	-	377.00	-	-	377.00
Kazakhstan	UMIC	-	-	276.95	100.00	376.95
Egypt	LMIC	0.54	-	72.80	287.39	360.72
Jordan	UMIC	115.00	-	229.08	-	344.08
Georgia	LMIC	109.50	-	60.12	60.45	230.07
Niger	LDC	0.66	203.00	-	0.10	203.76
India	LMIC	-	-	-	200.00	200.00
Chad	LDC	-	189.00	-	-	189.00
Albania	UMIC	21.00	-	156.39	-	177.39
Burkina Faso	LDC	-	171.00	-	0.06	171.06
Uganda	LDC	-	169.80	-	-	169.80
Bangladesh	LDC	130.27	-	-	-	130.27
Moldova	LMIC	60.00	-	10.26	50.00	120.26
Sudan	LDC	8.50	100.00	-	-	108.50
Viet Nam	LMIC	108.00	-	-	-	108.00
Zambia	LDC	-	105.00	-	-	105.00
Nigeria	LMIC	-	89.00	-	1.20	90.20
Côte d'Ivoire	LMIC	-	88.27	-	-	88.27
Serbia	UMIC	23.00	-	56.64	3.40	83.04
Bosnia and Herzegovina	UMIC	5.00	-	76.03	1.30	82.33
Malawi	LDC	-	70.00	-	0.60	70.60
Kenya	OLIC	-	70.00	-	-	70.00
Morocco	LMIC	-	-	52.08	14.50	66.58
Senegal	LDC	-	55.00	-	7.85	62.85
Tunisia	UMIC	-	-	46.50	15.30	61.80
Mali	LDC	6.00	50.00	-	-	56.00

Country	Income group	EC	EDF	EBRD	EIB	Total
Haiti	LDC	-	50.00	-	-	50.00
Tanzania	LDC	-	50.00	-	-	50.00
Bhutan	LDC	41.50	-	-	-	41.50
Ecuador	UMIC	-	-	-	40.97	40.97
Cameroon	LMIC	-	40.00	-	0.91	40.91
Togo	LDC	10.00	30.00	-	-	40.00
Liberia	LDC	6.00	30.00	-	-	36.00
Sierra Leone	LDC	-	35.00	-	-	35.00
Ghana	LMIC	-	34.00	-	0.30	34.30
Mongolia	LMIC	-	-	34.24	-	34.24
Kyrgyzstan	LMIC	10.00	-	18.35	4.55	32.90
Maldives	UMIC	-	-	-	31.50	31.50
Afghanistan	LDC	30.00	-	-	-	30.00
Cambodia	LDC	30.00	-	-	-	30.00
Guyana	LMIC	-	30.00	-	-	30.00
Timor-Leste	LDC	-	29.00	-	-	29.00
Somalia	LDC	-	25.00	-	-	25.00
Papua New Guinea	LMIC	-	23.10	-	-	23.10
Democratic Republic of the Congo	LDC	-	-	-	22.79	22.79
Montenegro	UMIC	21.00	-	0.02	0.60	21.62
Uzbekistan	LMIC	21.50	-	-	-	21.50
Namibia	UMIC	-	20.00	-	-	20.00
Nepal	LDC	20.00	-	-	-	20.00
Palestine	LMIC	20.00	-	-	-	20.00
Belarus	UMIC	-	-	19.60	-	19.60
Ethiopia	LDC	18.00	-	-	-	18.00
Armenia	LMIC	-	-	10.76	7.09	17.85
Fiji	UMIC	-	15.00	-	-	15.00
Suriname	UMIC	-	13.00	-	-	13.00

Country	Income group	EC	EDF	EBRD	EIB	Total
Sao Tome and Principe	LDC	-	6.75	-	5.40	12.15
Kosovo	LMIC	-	-	12.00	-	12.00
Zimbabwe	OLIC	-	12.00	-	-	12.00
Gambia	LDC	-	11.50	-	-	11.50
Panama	UMIC	-	-	-	11.46	11.46
Marshall Islands	UMIC	-	10.68	-	-	10.68
Algeria	UMIC	10.00	-	-	-	10.00
Paraguay	LMIC	8.00	-	-	-	8.00
Tajikistan	OLIC	-	-	7.76	-	7.76
Bolivia	LMIC	7.00	-	-	-	7.00
Lesotho	LDC	-	7.00	-	-	7.00
Macedonia	UMIC	5.00	-	-	0.20	5.20
Cabo Verde	LMIC	5.00	-	-	-	5.00
Dominican Republic	UMIC	-	3.50	-	0.10	3.60
States Ex-Yugoslavia	N/A	3.20	-	-	-	3.20
Benin	LDC	-	-	-	3.00	3.00
Mauritius	UMIC	3.00	-	-	-	3.00
Azerbaijan	UMIC	-	-	2.81	-	2.81
Madagascar	LDC	-	-	-	2.80	2.80
Nauru	UMIC	-	2.40	-	-	2.40
Micronesia	LMIC	-	1.80	-	-	1.80
Cuba	UMIC	1.35	-	-	-	1.35
Palau	UMIC	-	1.13	-	-	1.13
Turkmenistan	UMIC	0.03	-	0.80	-	0.83
Niue	UMIC	-	0.30	-	-	0.30
Belize	UMIC	-	-	-	0.16	0.16

Source: *Climate Change: OECD DAC External Development Finance Statistics*

Annex 3 – Climate funding to China, 2016, EUR million

Provider	2014	2015	2016
AsDB	209.2	176.2	409.7
Australia	0.3	0.3	0.1
Austria	-	0.0	0.0
Belgium	-	0.1	-
Canada	1.1	1.1	1.1
Denmark	4.8	-	3.6
Finland	3.7	0.0	0.1
France	66.0	30.1	65.6
GEF	21.8	16.4	-
Germany	85.5	144.9	328.9
GGGI	-	-	0.5
IFAD	35.6	39.1	-
IFC	35.2	258.0	167.4
Italy	0.4	0.0	-
Japan	5.5	2.0	0.6
Korea	0.2	0.2	0.2
New Zealand	0.0	-	-
Norway	2.4	5.6	1.3
Sweden	-	-	0.0
Switzerland	17.9	0.6	5.9
United Kingdom	5.9	55.1	6.1
United States	9.3	3.4	4.7
WB	831.9	315.5	1,070.7
Total	1,336.6	1,048.8	2,066.6

Source: Climate Change: OECD DAC External Development Finance Statistics

Annex 4 – Climate funding to Ghana, 2016, EUR million

Provider	2014	2015	2016
Adaptation Fund	-	7.5	-
AfDB	65.0	-	16.0
Australia	-	0.0	0.0
Austria	-	-	0.4
Belgium	0.4	0.1	0.1
Canada	14.5	17.1	92.8
CIF	24.4	-	14.3
Denmark	0.2	-	3.0
EIB	-	0.5	0.3
EU institutions (excl. EIB)	-	-	34.0
France	18.0	-	-
GEF	0.3	-	12.3
Germany	0.6	5.8	54.8
IFC	-	23.7	-
Italy	0.1	2.1	-
Japan	0.4	1.1	1.2
Korea	0.3	2.6	0.3
Netherlands	5.3	0.5	-
Norway	0.3	0.0	0.0
Spain	0.0	0.0	0.0
Sweden	0.3	-	-
Switzerland	19.1	1.1	6.9
United Kingdom	6.5	4.8	0.4
United States	14.6	7.2	55.6
WB	5.2	-	-
Total	175.4	74.1	292.4

Source: Climate Change: OECD DAC External Development Finance Statistics

Bibliography

- Adelle, C., Delputte, S., De Roeck, F., and Nicholson, S. (2018). Environmental Instruments in Development Cooperation: Promoting Better Development and Environmental Outcomes?. In *European Union External Environmental Policy*(pp. 81-101). Palgrave Macmillan, Cham. Retrieved from: https://link.springer.com/chapter/10.1007/978-3-319-60931-7_5
- Alonso, J. A. (2014). *Cooperation with Middle-Income Countries: An Incentive-Based Approach* (Vol. 1). AECID Working Paper. Retrieved from: http://www.aecid.es/Centro-Documentacion/Documentos/Eficacia%20y%20calidad/DT03%20AECID_CooperationMiddleIncome_Countries_030414-final.pdf
- Beecher, J. (2016). *Climate finance and poverty Exploring the linkages between climate change and poverty evident in the provision and distribution of international public climate finance*. Development Initiatives. Retrieved from: <http://devinit.org/wp-content/uploads/2016/11/Development-Initiatives-Climate-Finance-report.pdf>
- Bilal, S., and Grosse-Puppenthal, S. (2018). The European External Investment Plan: Challenges and next steps for a game changer. ECDPM. Retrieved from: <http://ecdpm.org/publications/european-external-investment-plan-challenges-next-steps-game-changer/>
- Bodansky, D. (2012). The Durban platform negotiations: goals and options. *Harvard Project on Climate Agreements Viewpoint*. Arizona State University Sandra Day O'Connor College of Law. Retrieved from: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2102994
- Bossuyt, J., Keijzer, N., Medinilla, A., and De Tollenaere, M. (2016). The future of ACP-EU relations: A political economy analysis. *Policy and Management Report*, (21), 59. ECDPM. Retrieved from: <https://ecdpm.org/wp-content/uploads/PMR21-Future-ACP-EU-Relations-PEA-January-2016.pdf>
- Bossuyt, J., Caputo, E., and Schwarz, J. (2017). Coherence Report - Insights from the External Evaluation of the External Financing Instruments. European Commission. Retrieved from: https://ec.europa.eu/europeaid/sites/devco/files/coherence-report-main-report-170717_en_0.pdf
- Buchner, B., Oliver, P., Wang, X., Carswell, C., Meattle, C., and Mazza, F. (2017). *Global Landscape of Climate Finance 2017*. Climate Policy Innovation. Retrieved from: <https://climatepolicyinitiative.org/wp-content/uploads/2017/10/2017-Global-Landscape-of-Climate-Finance.pdf>
- Buhl-Nielsen, E., Clifton, J., Coppens, V., De Bauw, V., Morillon, V., Poldermans, R., Mata, R., Biolley, T., (2016). Evaluation of Blending. Brussels: International Cooperation and Development. Retrieved from: https://ec.europa.eu/europeaid/sites/devco/files/evaluation-blending-volume1_en.pdf
- Buhl-Nielsen, E., Rao, K., Junkov, M., and Bauer, B. (2015a). Final Report. Retrieved from: https://ec.europa.eu/europeaid/sites/devco/files/evaluation_environment-and-climate-change-final-report-vol_1_en.pdf

- Buhl-Nielsen, E., Rao, K., Junkov, M., and Bauer, B. (2015b). Thematic evaluation of the EU support to environment and climate change in third countries (2007-2013) Final Report Volume 4 Annex 3. Retrieved from: https://ec.europa.eu/europeaid/sites/devco/files/evaluation_environment-and-climate-change-annexes-vol4_en.pdf
- CAN - Climate Action Network Europe (2018). Future EU budget: we need a good rather than a fast deal. Retrieved from: <http://www.caneurope.org/publications/press-releases/1632-future-eu-budget-we-need-a-good-rather-than-a-fast-deal>
- Castillejo, C. (2014). European Strategic Partnerships Observatory (ESPO). New donors, new partners? EU strategic partnerships and development.
- de Souza Borges, C. and Cortez Da Cunha Cruz, J., (2018). Country Systems and Environmental and Social Safeguards in Development Finance Institutions: Assessment of the Brazilian System and Ways Forward for the New Development Bank. São Paulo. Conectas Human Rights. Retrieved from: https://rightsindvelopment.org/wp-content/uploads/2018/05/Conectas_Country_Systems_DFIs_Brazil_NDB-Final.pdf
- CONCORD (2018). Thematic Programmes in the Future EU external instrument. Retrieved from: https://concordeurope.org/wp-content/uploads/2018/09/CONCORD_MFF_ThematicProgrammes_PositionPaper_September-2018.pdf
- Di Ciommo, M., and Sayós Monràs, M. S. (2018). Sailing new waters in international cooperation. ECDPM. Retrieved from: <http://ecdpm.org/publications/sailing-new-waters-international-cooperation/>
- Dejgaard, P., and Appelt, H. (2018). An analysis of the Climate Finance Reporting of the European Union. ACT Alliance EU. Retrieved from: <https://actalliance.eu/wp-content/uploads/2018/04/Analysis-of-the-climate-finance-reporting-of-the-EU.pdf>
- Dupont, C., and Oberthür, S. (2016). The Council and the European Council: Stuck on the Road to Transformational Leadership. *Still Taking the Lead*. Retrieved from: <https://www.taylorfrancis.com/books/e/9781317237303/chapters/10.4324%2F9781315627199-17>
- European Commission (n.d). EU-China Roadmap on Energy Cooperation (2016-2020). Retrieved from: https://ec.europa.eu/energy/sites/ener/files/documents/FINAL_EU_CHINA_ENERGY_ROADMAP_EN.pdf
- European Commission (2017). European Consensus on Development: Our World, Our Dignity, Our Future. Brussels: European Commission. Retrieved from: https://ec.europa.eu/europeaid/new-european-consensus-development-our-world-our-dignity-our-future_en

European Commission (2018a). Proposal for a Council regulation: laying down the multiannual financial framework for the years 2021 to 2027. Brussels: European Commission. Retrieved from: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1527241903201&uri=CELEX%3A52018PC0322>

European Commission (2018b). A Modern Budget for a Union that Protects, Empowers and Defends The Multiannual Financial Framework for 2021-2027. Brussels: European Union. Retrieved from: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2018%3A321%3AFIN>

European Commission (2018c). Proposal for a Regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument. Brussels: European Union. Retrieved from: https://ec.europa.eu/commission/sites/beta-political/files/budget-may2018-neighbourhood-development-international-regulation_en.pdf

European Council (2007). Presidency Conclusions. Brussels: European Council. Retrieved from: http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/93135.pdf

European Council (2013). Conclusions (Multiannual Financial Framework). Brussels: European Council. Retrieved from: https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/135344.pdf

European Council (2016). *Council conclusions on climate change* [Press release]. Retrieved from: <http://www.consilium.europa.eu/en/press/press-releases/2016/10/11/ecofin-conclusions-climate-change/pdf>

European Council (2017a). Implementing the EU Global Strategy - strengthening synergies between EU climate and energy diplomacies and elements for priorities for 2017 - Council conclusions. Brussels: European Council. Retrieved from: <http://data.consilium.europa.eu/doc/document/ST-6981-2017-INIT/en/pdf>

European Council (2017b). Council conclusions on climate change [Press release]. Retrieved from: <http://www.consilium.europa.eu/en/press/press-releases/2017/10/10/conclusions-climate-change/pdf>.

European Council (2018). Council Conclusions on Climate Diplomacy - Council Conclusions Brussels: European Council. Retrieved from: <http://data.consilium.europa.eu/doc/document/ST-6125-2018-INIT/en/pdf>

European Council (2018). European Council conclusions on Jobs, Growth and Competitiveness, as well as some of the other items (Paris Agreement and Digital Europe) . Brussels: European Council. Retrieved from : <http://www.consilium.europa.eu/media/33430/22-euco-intermediary-conclusions-en.pdf>

Estudo idealizado pelo Instituto Escolhas (2017). *Qual o impacto do desmatamento zero no Brasil?*. São Paulo: Estudo idealizado pelo Instituto Escolhas. Retrieved from: http://escolhas.org/wp-content/uploads/2017/10/FD_210x280mm_DZ_11_AF.pdf

European Commission (2015). Review of the Neighbourhood Policy. Brussels European Commission. Retrieved from: https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/neighbourhood/pdf/key-documents/151118_joint-communication_review-of-the-enp_en.pdf

European Court of Auditors (2016). Spending at least one euro in every five from the EU budget on climate action: ambitious work underway, but at serious risk of falling short. Luxembourg: European Court of Auditors. Retrieved from: <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=39853>

European Parliament (2018). *European Parliament resolution of 3 July 2018 on climate diplomacy (2017/2272(INI))*. European Parliament. Retrieved from: <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+P8-TA-2018-0280+0+DOC+PDF+V0//EN>

European Partners Working Together in Ghana (undated). Joint Cooperation Strategy (2017-2020). Retrieved from: https://eeas.europa.eu/sites/eeas/files/european_partners_working_together_in_ghana_2017-2020_final_26_09_2017.pdf

European Union (2016). Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union's Foreign and Security Policy. Retrieved from: https://eeas.europa.eu/archives/docs/top_stories/pdf/eugs_review_web.pdf

Fetzek, S., and van Schaik, L. (2018). *Europe's Responsibility to Prepare: Managing climate security risks in a changing world*. Washington, DC: The Center for Climate and Security.

Gaventa, J., Fischer, L., Jess, T., Giannelli, E. (2018). *Climate change and the EU budget: what to make of the new proposals?* E3G. Retrieved from: <https://www.e3g.org/library/climate-change-and-the-eu-budget>.

Granoff, I., Eis, J., McFarland, W., Hoy, C., Watson, C., de Battista, G., ... and Grist, N. (2015). *Zero poverty, zero emissions: eradicating extreme poverty in the climate crisis*. London: Overseas Development Institute. Retrieved from: <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9844.pdf>

Griffith-Jones, S., and Leistner, S. (2018). *Mobilising Capital for Sustainable Infrastructure: The Cases of the AIIB and the NDB*. Bonn: Deutsches Institut für Entwicklungspolitik gGmbH. Retrieved from: https://www.die-gdi.de/uploads/media/DP_18.2018.pdf

- Grosse-Puppenthal, S., Bilal, S., and Karaki, K. (2017). *The EU's financial instruments for access to energy in sub-Saharan Africa*. Discussion Paper 218). Maastricht: ECDPM. Retrieved from: <http://ecdpm.org/wp-content/uploads/DP218-EU-Financial-Instruments-for-Access-to-Energy-ECDPM.pdf>
- Große-Puppenthal, S., and Bilal, S. (2018). *What is the European External Investment Plan really about?*. Briefing Note 101. Maastricht: ECDPM. Retrieved from: <http://ecdpm.org/publications/european-external-investment-plan-about/>
- Hallegatte, S., Bangalore, M., Bonzanigo, L., Fay, M., Kane, T., Narloch, U., ... and Vogt-Schilb, A. (2015). *Shock waves: managing the impacts of climate change on poverty*. The World Bank. Retrieved from: <https://openknowledge.worldbank.org/handle/10986/22787>
- Herrero, A., Knoll, A., Gregersen, C., and Kokolo, W. (2015). *Implementing the Agenda for Change: An independent analysis of the 11th EDF programming*. Discussion Paper 180). Maastricht: ECDPM. Retrieved from: <http://ecdpm.org/publications/programming-agenda-change-11-european-development-fund-acp-eu/>
- Herrero, A., and Knaepen, H. (2014). Run-up to 2015: A moment of truth for EU external climate action. *ECDM Briefing Note, September*. Retrieved from: <http://ecdpm.org/wp-content/uploads/BN67-Run-up-2015-moment-truth-for-EU-external-climate-action.pdf>
- Jones, A., Di Ciommo, M., Monràs, M. S., Sherriff, A., and Bossuyt, J. (2018). Aiming high or falling short?: A brief analysis of the proposed future EU Budget for External Action. ECDPM. Retrieved from: <http://ecdpm.org/publications/aiming-high-falling-short-analysis-proposed-eu-budget-external-action/>
- Jørgensen, K. (2017). India: the global climate power torn between 'growth-first' and 'green growth'. In: Wurzel, Rudiger K. W, J. Connelly, and D. Liefferink, eds. *The European Union in International Climate Change Politics. Still Taking a Lead?* London, New York: Routledge, Taylor and Francis Group, 270-283. Retrieved from: <https://www.taylorfrancis.com/books/e/9781317237303/chapters/10.4324%2F9781315627199-33>
- K-CEP/Development Reimagined (2018). Knowledge Brief *China's Global Cool: The potential for more and better south-south cooperation on efficient, clean cooling from China*. Retrieved from: <https://developmentreimagined.com/wp-content/uploads/2018/07/k-cep-knowledge-brief-en-final-12.07.18.pdf>
- Ladj, G., Smail, T., Agyare-Kwabi, P., Caputo, E., Connelly, A., Danso, E., ... and Winter A. (2017). *Joint Evaluation of Budget Support to Ghana (2005-2015)*. EU development and cooperation. Retrieved from https://ec.europa.eu/europeaid/sites/devco/files/evaluation_ghana_bs_final_report_vol1_en.pdf.
- Li, X. (2017). China: from a marginalized follower to an emerging leader in climate politics. *The European Union in International Climate Change Politics*, 254-269. Retrieved from: <https://www.taylorfrancis.com/books/e/9781317237303/chapters/10.4324%2F9781315627199-32>

- Mileusnić, D. (2015). Failure of Energy Community Treaty: if EU can't make its neighbours clean up, can it be climate leader? Retrieved from: <http://energypost.eu/eu-cant-even-get-neighbours-clean-can-global-climate-leader/>
- Ministerial on Climate Action (2018). Chair's Summary. Brussels. Retrieved from: https://ec.europa.eu/clima/sites/clima/files/news/20180621_moca_en.pdf
- Oberthür, S. (2016). Where to go from Paris? The European Union in climate geopolitics. *Global Affairs*, 2(2), 119-130. Retrieved from: https://www.ies.be/files/Where%20to%20go%20from%20Paris%20The%20European%20Union%20in%20climate%20geopolitics_0.pdf
- Pavese, C. (2018). The European Union and Brazil in the Quest for Global Climate Governance: Potentials and Perils of a Partnership. Rome: IAI Papers. Retrieved from: <http://www.iai.it/sites/default/files/iaip1811.pdf>
- Rayner, T., and Jordan, A. (2016). Climate Change Policy in the European Union. In *Oxford Research Encyclopedia of Climate Science*. Retrieved from: <http://climatescience.oxfordre.com/view/10.1093/acrefore/9780190228620.001.0001/acrefore-9780190228620-e-47>
- REN21 (2018). Renewables 2018: *Renewables Global Status Report*. REN21. Retrieved from: http://www.ren21.net/wp-content/uploads/2018/06/17-8652_GSR2018_FullReport_web_final_.pdf
- Republic of Ghana and European Union (2014). 11th European Development Fund: National Indicative Programme (2014-2020). Nairobi. Retrieved from: https://ec.europa.eu/europeaid/sites/devco/files/nip-ghana-20140619_en.pdf
- Republic of Ghana (2015). Ghana's intended nationally determined contribution (INDC) and accompanying explanatory note. Republic of Ghana. Retrieved from: http://www4.unfccc.int/ndcregistry/PublishedDocuments/Ghana%20First/GH_INDC_2392015.pdf
- Roggenbuck, A., and Trilling, M. (2016). The best laid plans: Why the Investment Plan for Europe does not drive the sustainable energy transition. CEE Bankwatch Network/Friends of the Earth Europe. Retrieved from: <http://www.wwf.eu/?279339/The-best-laid-plans-Why-the-Investment-Plan-for-Europe-does-not-drive-the-sustainable-energy-transition>
- Sachdeva, G. (2015). Evaluation of the EU-India Strategic Partnership and the Potential for its Revitalisation. *June. Brussels: European Policy Studies. DOI, 10, 201168*. Retrieved from: [http://www.europarl.europa.eu/RegData/etudes/STUD/2015/534987/EXPO_STU\(2015\)534987_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2015/534987/EXPO_STU(2015)534987_EN.pdf)

- Savitsky, O. (2018). Energy Community sets stage for clean energy transition in South-East Europe. Retrieved from: <http://energypost.eu/energy-community-sets-stage-for-clean-energy-transition-in-south-east-europe/>.
- Skjærseth, J. B. (2017). The European commission's shifting climate leadership. *Global Environmental Politics*, 17(2), 84-104. Retrieved from: https://www.mitpressjournals.org/doi/10.1162/GLEP_a_00402
- Statement on Climate Change and Clean Energy (2018). Joint statement of the 20th EU-China Summit. Beijing. Retrieved from: <http://www.consilium.europa.eu/media/36165/final-eu-cn-joint-statement-consolidated-text-with-climate-change-clean-energy-annex.pdf>
- Tollefson, J. (2018). Climate scientists unlock secrets of 'blue carbon'. *Nature*, 553(7687), 139-140. Retrieved from: <https://www.nature.com/articles/d41586-018-00018-4>
- Tondel, F., Knaepen, H., and van Wyk, L. A. (2015). Africa and Europe combating climate change: Towards a common agenda in 2015. Maastricht: ECDPM. Retrieved from: <http://ecdpm.org/publications/africa-and-europe-combating-climate-change-towards-a-common-agenda-in-2015/>
- Torney, D. (2015). *European climate leadership in question: policies toward China and India*. MIT Press. Retrieved from: <https://mitpress.mit.edu/books/european-climate-leadership-question>
- Torney, D., and Davis Cross, M.K. (2017). Environmental and Climate Diplomacy: Building Coalitions Through Persuasion. In *European Union External Environmental Policy* (pp. 39-58). Palgrave Macmillan, Cham. Retrieved from: https://link.springer.com/chapter/10.1007/978-3-319-60931-7_3
- Transport and Environment (2018). Europe falling further behind in e-vehicles revolution. Retrieved from: <https://www.transportenvironment.org/news/europe-falling-further-behind-e-vehicles-revolution>.
- UNEP (2017). The Emissions Gap Report 2017 : A UN Environment Synthesis Report. Nairobi: UNEP. Retrieved from: https://wedocs.unep.org/bitstream/handle/20.500.11822/22070/EGR_2017.pdf
- United Nations. Framework Convention on Climate Change. (2015). *Adoption of the Paris agreement*. Retrieved from: https://unfccc.int/sites/default/files/english_paris_agreement.pdf
- UNOSSC/South Center (2017). Climate Partnerships for a Sustainable Future: An initial overview of South-South cooperation on climate change in the context of sustainable development and efforts to eradicate poverty. New York: United Nations Office for South-South Cooperation and the South Centre. Retrieved from: <https://www.un.org/sustainabledevelopment/wp-content/uploads/2017/11/Report-on-Climate-Partnerships-for-a-Sustainable-Future.pdf>
- Weigel, Moritz (2016). China's Climate Change South-South Cooperation: Track Record and Future Direction. Beijing, China: United Nations Development Programme in China.

About ECDPM

The European Centre for Development Policy Management (ECDPM) is an independent ‘think and do tank’ working on international cooperation and development policy in Europe and Africa.

Since 1986 our staff members provide research and analysis, advice and practical support to policymakers and practitioners across Europe and Africa – to make policies work for sustainable and inclusive global development.

Our main areas of work include:

- European external affairs
- African institutions
- Security and resilience
- Migration
- Sustainable food systems
- Finance, trade and investment
- Regional integration
- Private sector engagement

For more information please visit www.ecdpm.org

In addition to structural support by ECDPM’s institutional partners: The Netherlands, Belgium, Estonia, Finland, Ireland, Luxembourg, Sweden, Switzerland, Denmark and Austria, this publication also benefits from funding by UK aid from the Department for international Development (DFID), United Kingdom.

ISSN1571-7577

ecdpm

Making policies work

HEAD OFFICE
SIÈGE

Onze Lieve Vrouweplein 21
6211 HE Maastricht
The Netherlands *Pays Bas*
Tel +31 (0)43 350 29 00
Fax +31 (0)43 350 29 02

BRUSSELS OFFICE
BUREAU DE BRUXELLES

Rue Archimède 5
1000 Brussels *Bruxelles*
Belgium *Belgique*
Tel +32 (0)2 237 43 10
Fax +32 (0)2 237 43 19

info@ecdpm.org
www.ecdpm.org
KvK 41077447