

# EDC 2020 Final Event

## Shaping Europe's Global Role

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# Outline

- The team
- What we were exploring
- Key findings
- Reflections

# The team....

- ODI- **Leo Peskett**, Neil Bird and Jessica Brown
- IDS- **Merylyn Hedger**
- DIE, Imme Scholtze and Erik Lundsgaarde

# Development Cooperation and Climate Change

- UNFCCC- Bali Action Plan, finance critical to a post Kyoto deal- still not fixed
- Europe a main player in the UNFCCC, overall biggest donor on development aid and climate finance
- Project analysed interactions of development cooperation and climate finance at European/International level and 2 country case studies-Indonesia and Bangladesh

# International scale : challenges on climate finance

- *New and additional*
- *Control over modalities of accessing funds*

# European scale : challenges on climate finance

- Climate change has been an environment issue in development framing-
- Country strategy papers had been completed
- ***But...*** strong drive on global political leadership on climate change

# Member States

- On climate change finance, a few key players
- New challenges with financial crisis
- Competition within countries, between countries and preference for bilateral working

# Key results

- **Development cooperation and climate finance at European scale**
- Climate finance at international scale
- **Institutional and policy framings at country level of development partners**



# Development cooperation and climate finance

- Climate finance presents new challenges for development cooperation at all scales
- Need for scaling up of funding, challenges for new capacity for all development partners
- Rapid time scales of policy development in CC, due to geopolitical and national political situations
- Changing donor relationships

# Development cooperation and climate finance

- UNFCCC- New moves on transparency:  
Monitoring Reporting and Verification
- Pressures for new institutional arrangements,  
perceived problems with World Bank, GEF
- Proliferation of funds and implementers

# European level

- Coordination well achieved for geopolitical level. Did get Fast Start Funding off the ground (UK and France) before Copenhagen, that's now in the Cancun Agreement
- Coordinating successfully by adding up national efforts and EC.
- But each player defining their effort differently
- At country level, competition....

# Use lessons from aid effectiveness?

Adopt principles in relation to

- how funds are: mobilised- who pays, how they are additional, adequate and predictable
- how funds are managed- transparency, accountability, equitable
- and how funds are disbursed- national ownership, timeliness, who gets (poorest)

# Case studies:

- CC finance going to most vulnerable people who often live in fragile states with weak governance systems and where moves on budget support and sector wide approaches are not well entrenched, nor is the AE agenda
- Developing country Governments are setting up new funds and institutional structures for CC

# Case studies

- Increases in activity on climate change has resulted in new challenges on coordination between donors, between donors and the government and within the government
- Overall there is overlap and competition between initiatives- policy changes of donors and the governments can mean a new start whilst the old initiative is still running
- Better prioritisation is vital

# Case studies

- Because climate change fundamentally affects the development profile, developing country governments are investing national resources – these are much larger than new climate flows so it will be important to work out where climate finance can lever effectively
- Not obvious where these dialogues could take place without greater trust in all places

# Case studies

- Need for clearer monitoring and learning from new investment in climate change initiatives so there can be a learning by doing phase but there are weak records everywhere and no baselines
- CC interventions are usually development projects done earlier or differently so working out the effective additional component is tricky



# Reflections

- When we started, Europe had a fantastic opportunity to get coordinated and ensure its strength was used effectively
- Has achieved at international scale, key players on Fast Start Funding
- But tremendous challenges remain

# Wrap up..

## **Policy Dialogue in London 29<sup>th</sup> March**

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