



**A study on the  
Global Climate Change Alliance  
(GCCA)**

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## Acronyms

ACP	African, Caribbean and Pacific
AEIDL	European Association for information on local development
AIDCO	Former Directorate-General for EuropeAid, European Commission
CDM	Clean Development Mechanism
CSF	Intra-ACP GCCA Climate Support Facility
DCI	Development Cooperation Instrument
DDR	Disaster Risk Reduction
DEVCO	Directorate-General for Development and Co-operation, European Commission
DG Climate	Directorate-General for Climate Change, European Commission
DG Dev	Directorate General for Development, European Commission
DG Environment	Directorate-General for the Environment, European Commission
EDF	European Development Fund
ENRTP	Environment and Sustainable Management of Natural Resources, including Energy
GCCA	Global Climate Change Alliance
GCFM	Global Climate Financing Mechanism
GEF	Global Environment Facility
GSF	GCCA Climate Support Facility
LDC	Least Developed Country
NAPA	National Adaptation Programmes of Action
PPCR	Pilot Programme for Climate Resilience
REDD	Reduction emissions from deforestation and degradation
SIDS	Small Island Developing States
UNFCCC	United Nations Framework Convention on Climate Change
UNITAR	United Nations Institute for Training and Research (UNITAR)

## 1. Introduction:

In 2007, the European Commission proposed the creation of a Global Climate Change Alliance (GCCA) as the “EU answer to the development dimension of climate change”<sup>1</sup>.

The GCCA has the objective of supporting poor developing countries most vulnerable to climate change to adapt to the effects of climate change, and when appropriate to participate in global mitigation efforts. It is built around two pillars:

- a) ‘effective dialogue’ between the EU and these countries on climate change, and
- b) ‘effective cooperation’ through technical and financial support.

The GCCA was designed to be an umbrella for all European Commission, and potentially Member States’ initiatives on climate change within the poorest and most vulnerable developing countries. The Commission described its role as that of a “federator of an EU response to the development dimension of climate change” with the GCCA acting as a “forum for coordination of the many ongoing bilateral initiatives taken by EU Member States and the European Commission in this area.”<sup>2</sup>

However, before the GCCA had been fully established, some Member States, and in particular the UK, Germany and France, had already decided to channel a significant proportion of their climate finance through the World Bank, UNFCCC and other multilateral and bilateral instruments.

Three years on, the GCCA is still evolving. A number of ‘dialogue’ activities have taken place, and 17 countries have been selected to receive financial cooperation. However, the GCCA has struggled to get the funding disbursed quickly and only a small proportion of the projects in beneficiary countries have reached the implementation stage. In addition, appropriate systems for monitoring and reporting on these activities have yet to be established, and as a result it is difficult to establish how effective the GCCA is proving to be.

Although a few Member States have committed one-off bilateral funding to the GCCA, it relies primarily on the EU’s Development Cooperation Instrument (DCI)’s thematic programme, the ‘Environment and Sustainable Management of Natural Resources, including Energy (ENRTP), which has contributed €95 million to the GCCA for 2008-2010. A similar amount has been earmarked for the GCCA from the ENRTP’s 2011-2013 programme. In addition, some regional GCCA activities within ACP countries are supported by €40 million of intra-ACP funds for 2008-2013 from the 10<sup>th</sup> European Development Fund (EDF). So far, Sweden (€4.4 m), the Czech Republic (€0.2m), Ireland (€23m), and Cyprus (€1.8m) are the only Member States to have channelled bilateral funding through the GGCA. The total amount channelled through the GCCA as of 2010 was around €140 million, which compared to other multilateral initiatives for distributing climate finance, is very

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<sup>1</sup> European Commission (2008): “Commission Staff Working Document: Implementation Framework of the Global Climate Change Alliance”, pg. 4.

<sup>2</sup> European Commission (2008): “Commission Staff Working Document: Implementation Framework of the Global Climate Change Alliance”, pg. 4.

small. The challenge for the Commission has been to define how the GCCA can add value with a relatively limited pool of resources.

Core funding for the GCCA is guaranteed until the end of 2013 (the end of the current EU multi-annual budgetary framework). Whether the GCCA survives beyond this depends on the funding arrangements negotiated for the next multi-annual budgetary framework – the EU Financial Perspectives post-2013. In addition, the European Commission and EU Member States must decide how their climate finance will be delivered in the long-term and whether the GCCA plays any role in this regards.

The paper provides background information on the GCCA as a contribution to ODI's ongoing work on climate change and development.

It provides information on:

- The management and funding structure of the GCCA
- The immediate plans of the GCCA, 2011-2014
- The long term future of the GCCA as a mechanism for delivering European climate finance

A number of stakeholders have been consulted, including from the European Commission, Member States, NGOs, academics and beneficiary countries.

## **2. History of the GCCA:**

In the early 2000s, there was a drive within DG Development to prioritise the issue of climate change within development policy. This was partly as a result of external pressure from some environmental NGOs to ‘climate-proof’ development policy, and partly an internal attempt by DG Development to reinforce the development dimension of climate change.

This was the context to the EU’s 2003 Action Plan on ‘Climate Change and Development’, which outlined some concrete ways in which the EU could support developing countries to address climate change.<sup>3</sup> The plan focused on mainstreaming climate change concerns within existing development policy, as well as facilitating dialogue between the EU and its partner countries on climate change.

An external evaluation of the Action Plan concluded that while the Plan was correct in its approach, without a dedicated pot of resources to implement its priorities, impact would remain limited. In 2007, the Development Commissioner, Louis Michel, announced his intention to establish a Global Climate Change Alliance (GCCA), although it was not entirely clear, at the time, if this was intended to be the instrument to implement the Action Plan, or a separate initiative. The initial objectives of the GCCA were extremely broad. It was hoped that the GCCA would coordinate all European climate finance and bring together existing platforms for dialogue and alliances.

The GCCA was formally proposed in a 2007 Commission Communication<sup>4</sup>. This outlined how the GCCA would operate as an alliance both for “dialogue and exchange” and for “effective cooperation”. It proposed five priority areas for cooperation: 1) supporting adaptation measures, 2) reducing emissions from deforestation, 3) enhancing participation in the Clean Development Mechanism (CDM), 4) promoting Disaster Risk Reduction (DRR), and 5) integrating climate change into poverty reduction measures. The Communication also called on EU Member States to join forces with the Commission and contribute funds to the GCCA.

In parallel, the Commission also launched an investigation into the possibility of creating an innovative financing instrument, called the Global Climate Financing Mechanism (GCFM) to support the GCCA. The idea was that this would frontload support to climate-related investments through the issuing of bonds on the international financial market. Repayment of such bonds would be guaranteed by supporting countries from their own budgetary resources, including ODA and possibly resources derived from the future carbon market.

The proposal for a GCCA was warmly welcomed by the European Parliament, with the Swedish Member of the European Parliament (MEP), Anders Wijkman, becoming a champion for the

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<sup>3</sup> European Commission (2003), “Communication from the Commission to the Council and the European Parliament: Climate Change in the Context of Development Cooperation”

<sup>4</sup> European Commission (2007) “Communication from the Commission to the Council and the European Parliament: Building a Global Climate Change Alliance between the European Union and poor development countries most vulnerable to climate change”

initiative. As the Rapporteur for the Parliament's 2008 resolution on the GCCA, he led calls for substantially increased funding for the alliance.<sup>5</sup>

By contrast, the GCCA received a less enthusiastic response from the Member States. Although the Council welcomed the initiative and the November 2007 Council conclusions "noted" the invitation for Member States to contribute their own funds to the GCCA<sup>6</sup>, the larger Member States, such as the UK, Germany and France have resisted channelling their bilateral climate finance through a European instrument.

Nevertheless, the Council tasked the Commission to come forward with a proposal on how the GCCA could be implemented. DG Development commissioned a study on options for making the GCCA operational, while a complementary study looked at options for funding the alliance.<sup>7</sup>

These informed the Commission's July 2008 Staff Working Document titled "Implementation Framework of the Global Climate Change Alliance".<sup>8</sup> It outlined how the Commission planned to implement both the dialogue and cooperation pillars of the alliance, and where funding would be found.

Since then, the Commission has been setting up the management structure of the GCCA, and beginning to implement some GCCA activities. A number of conferences and declarations on climate change have been achieved under the banner of the GCCA. In addition, it has selected and signed contracts with 17 beneficiary countries for cooperation activities, the majority of which will commence in 2011. The following sections outline in more detail the activities of the GCCA, and its management and funding arrangements.

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<sup>5</sup> European Parliament (2008), "Resolution of 21 October 2008 on building a Global Climate Change Alliance between the European Union and poor developing countries most vulnerable to climate change".

<sup>6</sup> GAERC/ Development Council (20 November 2007), "Council Conclusions on a Global Climate Change Alliance between the European Union and poor developing countries most vulnerable to climate change."

<sup>7</sup> Merylyn McKenzie Hedger (2008), "Support Study for Establishment of Global Climate Change Alliance (GCCA): Potential Role, Scope and Activities of GCCA", IDS, March 5<sup>th</sup> 2008.

<sup>8</sup> European Commission (2008), "Commission Staff Working Document: Implementation Framework of the Global Climate Change Alliance".

### 3. Activities of the GCCA:

#### a. Design of the GCCA

The GCCA is built around the following two pillars of ‘dialogue’ and ‘cooperation’:<sup>9</sup>

1. Dialogue and exchange of experiences on addressing climate change, between the EU and these countries, with joint declarations feeding into the UNFCCC process.
2. Avail resources for adaptation, and poverty reduction and mitigation plans.

Within these two pillars, the Commission identified five ‘focal areas’ for targeting their support:<sup>10</sup>

1. Supporting country efforts to adapt to the effects of climate change, without prejudice to achieving the MDGs and building on NAPAs.
2. Reducing emissions from deforestation and degradation (REDD), building on initiatives such as the Forest Law Enforcement Governance and Trade (FLEGT), which tackles illegal logging.
3. Enhancing participation in the global carbon market through the Clean Development Mechanism (CDM), which has the potential to bring significant foreign investment to LDCs.
4. Promoting disaster risk reduction, by building capacity to prepare for, mitigate and prevent the risk of natural disasters.
5. Integrating climate change into country poverty reduction efforts.

In addition, the Commission put forward in its 2008 document on implementing the GCCA a number of areas where the GCCA can claim to have ‘added value’ and which can be seen as the guiding principles of the GCCA:<sup>11</sup>

1. *The European dimension:* By coordinating all Member State and European Commission bilateral initiatives on climate change in LDCs, the GCCA has the potential to carry significant weight as a funding and political instrument.
2. *Channelling adaptation funds more effectively:* Evidence suggests that budget support could be an effective aid delivery mechanism for adaptation financing, and the GCCA will pilot and evaluate this approach.
3. *Articulation with other climate change initiatives:* The GCCA is distinct from other instruments for delivering climate finance due to its emphasis on using budget support, as the UNFCCC’s Adaptation Fund was expected to operate on a project basis and the World Bank’s Pilot Programme for Climate Resilience (PPCR) would work with concessional loans. In any case, the Commission would cooperate, and seek out synergies, with these and other initiatives.

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<sup>9</sup> European Commission (October, 2010) “Fact Sheet on the Global Climate Change Alliance (GCCA)”

<sup>10</sup> European Commission (February 2010) “Information Note: Global Climate Change Alliance (GCCA)”

<sup>11</sup> European Commission (2008): “Commission Staff Working Document: Implementation Framework of the Global Climate Change Alliance”,

## **b. Implementation of the GCCA:**

The implementation of the GCCA is still in its infancy. Within the 'dialogue' pillar, only two conferences and five declarations on climate change have been delivered. While 17 beneficiary countries have been selected within the 'cooperation' pillar, only 6 appear to have received any of the funds, and in only a few countries have activities actually begun.

Given that the GCCA is still evolving, it is difficult to judge its effectiveness. The Commission had planned to hold an external review of the GCCA in 2010<sup>12</sup>, but decided to postpone it until a greater number of activities in beneficiary countries are taking place.

### Pillar One: Political Dialogue:

In the short-term the political dialogue carried out by the GCCA was intended to build alliances in support of the ongoing UNFCCC negotiations. The Commission had hoped that, following the 2009 Copenhagen conference, the dialogue would move on to discuss how the EU and poor developing countries most vulnerable to climate change can cooperate to support the implementation of an expected agreement.<sup>13</sup>

A key principle of the GCCA was always to work through existing partnerships, forums and alliances at the regional and global level.<sup>14</sup> The result is that 'dialogue' within the GCCA is a mixture of events specifically organised by the GCCA, such as the Asia and Africa 2010 Conferences, and declarations on climate change which refer to the GCCA by existing forums such as ministerial conferences. Annex 1 presents the full list of outputs that took place from the 'dialogue' pillar in 2008-2010. Similar regional conferences in the Caribbean and the Pacific are due to take place in March 2011.

There is no evidence to suggest that these conferences and declarations have had a significant impact on the international climate change negotiations. It is also not clear what added value the GCCA brought by being involved in these initiatives, given that many involve existing forums and platforms and would likely have occurred without the involvement of the alliance.

### Pillar Two: Cooperation Activities

The Commission supports concrete action in a number of beneficiary countries and regions in the five focal areas of adaptation, deforestation, participation in the CDM, disaster risk reduction, and integrating climate change into poverty reduction efforts.

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<sup>12</sup> European Commission (2008): "Commission Staff Working Document: Implementation Framework of the Global Climate Change Alliance", pg 15.

<sup>13</sup> European Commission (2008): "Commission Staff Working Document: Implementation Framework of the Global Climate Change Alliance", pg 6-7.

<sup>14</sup> European Commission (2008): "Commission Staff Working Document: Implementation Framework of the Global Climate Change Alliance", pg 7-9.

### **Selection of beneficiary countries:**

The Commission selects the beneficiary countries on the basis of the following criteria:

- The country is an LDC and/or SIDS
- The country should have national and/or sectoral climate change policies in place, or has expressed its intention of preparing them, to ensure the integration of climate change into development strategies, plans and budgets.
- The country has ideally received, or is in the process of preparing for receiving (General/Sectoral) Budget Support through the European Commission and/or other donors. However, this is not a precondition for GCCA support and other means of support can be identified.
- There is an EC Delegation with sufficient capacity to prepare and follow up implementation of the GCCA programme, and ideally dialogue on climate change issues has already begun.
- The country should preferably be involved and politically active in the negotiations under the UNFCCC and in this sense serve as a model for other countries in the group/region.
- Further elements to identify countries and priority areas of intervention could be of a more technical nature, e.g. the hazard profile of the country and its exposure to risk, adaptive capacity, climate data availability and project climate changes.<sup>15</sup>

As the GCCA has evolved, the Commission has refined these criteria and reportedly now bases its decision on the country's level of poverty, vulnerability to climate change, and commitment to national and international efforts on climate change. However, there is no documentation outlining the selection process and there is a lack of transparency in this process. An additional concern, which is common for many climate finance initiatives, is that given the GCCA's limited resources and capacity, the Commission will focus its attention on those countries which have the most capacity to absorb the funds, and as a result are already receiving a large share of multilateral and bilateral climate finance.

The beneficiary countries which have been selected to receive financial cooperation in 2008-2010 are the following:

2008:

- Cambodia
- Maldives
- Tanzania
- Vanuatu

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<sup>15</sup> European Commission (2008): "Commission Staff Working Document: Implementation Framework of the Global Climate Change Alliance", pg. 11.

2009:

- Bangladesh
- Guyana
- Jamaica
- Mali
- Mauritius
- Rwanda
- Senegal
- Seychelles

2010:

- Belize
- Ethiopia
- Mozambique
- Nepal
- Solomon Islands
- Pacific

Further details on the type of projects being supported in these beneficiary countries can be found in Annex II.

The countries provisionally selected to sign contracts with the GCCA in 2011, are reported to be the following:

- Benin;
- Bhutan;
- Gambia;
- Laos;
- Sierra Leone;
- Uganda;
- Organisation of Eastern Caribbean States (OECS).

It is possible that a few additional countries may be added to this list.

In addition, Annex III show the regional initiatives which are planned, using the €40 million intra-ACP funding under the 10<sup>th</sup> EDF.

### **Type of cooperation:**

The Commission intended to use budget support as its primary aid delivery instrument. It was argued that macro or sector-level support would enhance the scope for policy dialogue and a cross-sectoral approach towards better climate risk management. The Commission is also experienced in using budget support, with 25% of its development cooperation over the period 2003-2009, involving more than half of its partner countries, using this modality.<sup>16</sup>

Despite its commitment to budget support, the Commission is proposing to use this aid modality instrument in only 5 of the 17 beneficiary countries. In addition, the Commission is currently in the process of reviewing its use of budget support in general. The results of this process could have implications for the GCCA's cooperation activities in the future.

The Commission originally intended to support initiatives which covered all five of the focal areas of 1) supporting adaptation measures, 2) reducing emissions from deforestation, 3) enhancing participation in the Clean Development Mechanism (CDM), 4) promoting Disaster Risk Reduction (DRR), and 5) integrating climate change into poverty reduction measures.<sup>17</sup>

However, it appears from the Commission's 2008 document on implementing the GCCA, and the actual list of cooperation activities being planned, that they have chosen to focus primarily on the broad area of adaptation. The Commission pledged to use National Adaptation Programmes of Action (NAPAs) to identify the specific priority investments required for adaptation purposes in each country, but suggested that in general agricultural, water and natural resources management sectors, as well as disaster risk reduction, would be the areas requiring most support.<sup>18</sup>

A number of stakeholders have expressed concern about the lack of transparency in the process for deciding on the implementation modality. Beneficiary countries have been particularly frustrated when administrative agreements with a third party, such as the World Bank, were used, as it was felt this added an unnecessary extra layer of bureaucracy and slowed down the process. Some beneficiary countries have also felt excluded from the process of deciding how the cooperation would be provided.

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<sup>16</sup> European Commission (2010): "Green Paper on the future of EU budget support to third countries." Pg. 2.

<sup>17</sup> European Commission (2007) "Communication from the Commission to the Council and the European Parliament: Building a Global Climate Change Alliance between the European Union and poor development countries most vulnerable to climate change" p. 4-8.

<sup>18</sup> European Commission (2008): "Commission staff working document: Implementation framework of the global climate change alliance." Pg 10

#### 4. Management of the GCCA:

The management structure of the GCCA is not clearly outlined in any Commission document, and it is very difficult to piece together where responsibility actually lies for implementing the initiative. The situation is particularly complicated because the GCCA receives funding from various different EU funding instruments, each of which require different management arrangements and bureaucratic procedures.

The core of the GCCA's funding comes from the Development Cooperation Instrument's (DCI) environmental thematic programme, the Environment and Natural Resources Thematic Programme (ENRTP). All DCI thematic programmes are managed centrally from Brussels, rather than decentralized to the EC delegations as is done for the geographical and regional programmes.

Prior to the merger of DG Development and AIDCO, responsibility for managing the GCCA was divided between the two Directorate-Generals.

- **DG Development**, and in particular DG Dev Unit B.2: 'Sustainable management of natural resources' had overall responsibility for the programming and day-to-day management of the GCCA.
- **AIDCO** had responsibility for managing the implementation of activities within the beneficiary countries, as well as providing inputs into the selection of the countries.

It is not yet certain how these tasks will be brought together following the merger of DG Development and AIDCO, within the new '**DEVCO**' department. The most recent draft organisational chart in circulation proposes the creation of a new unit titled 'Climate Change (including forests and water), Environment, Biodiversity'. This unit will be responsible for implementing funding from the thematic programmes on these issues, and will combine AIDCO E.6 and parts of AIDCO F.3, AIDCO C.7 and part of DEV B.2.

Until a final decision on the organisational structure of the new DEVCO is made, a transitory arrangement is in place which leaves the team responsible for the GCCA divided between different units.

In addition to these two departments there is the usual process of inter-service consultation when **DG Environment, DG Climate and others** provide input on both policy and programming issues.

The management of GCCA projects in beneficiary countries is decentralized to EU **delegations** as much as possible. This happens on a case-by-case basis and depends on the capacity and resources of the delegation in question.

Since January 2010, a **GCCA Support Facility (GSF)** has been in operation, which also plays a role in the management of the GCCA.

The contract to run the GSF was awarded in 2009 to a consortium led by MWH, in partnership with the United Nations Institute for Training and Research Climate Change Programme (UNITAR CCP). They operate out of an office in Geneva and their contract is until 2012. It is funded through €3 million of funds from the DCI's ENRTP thematic programme.

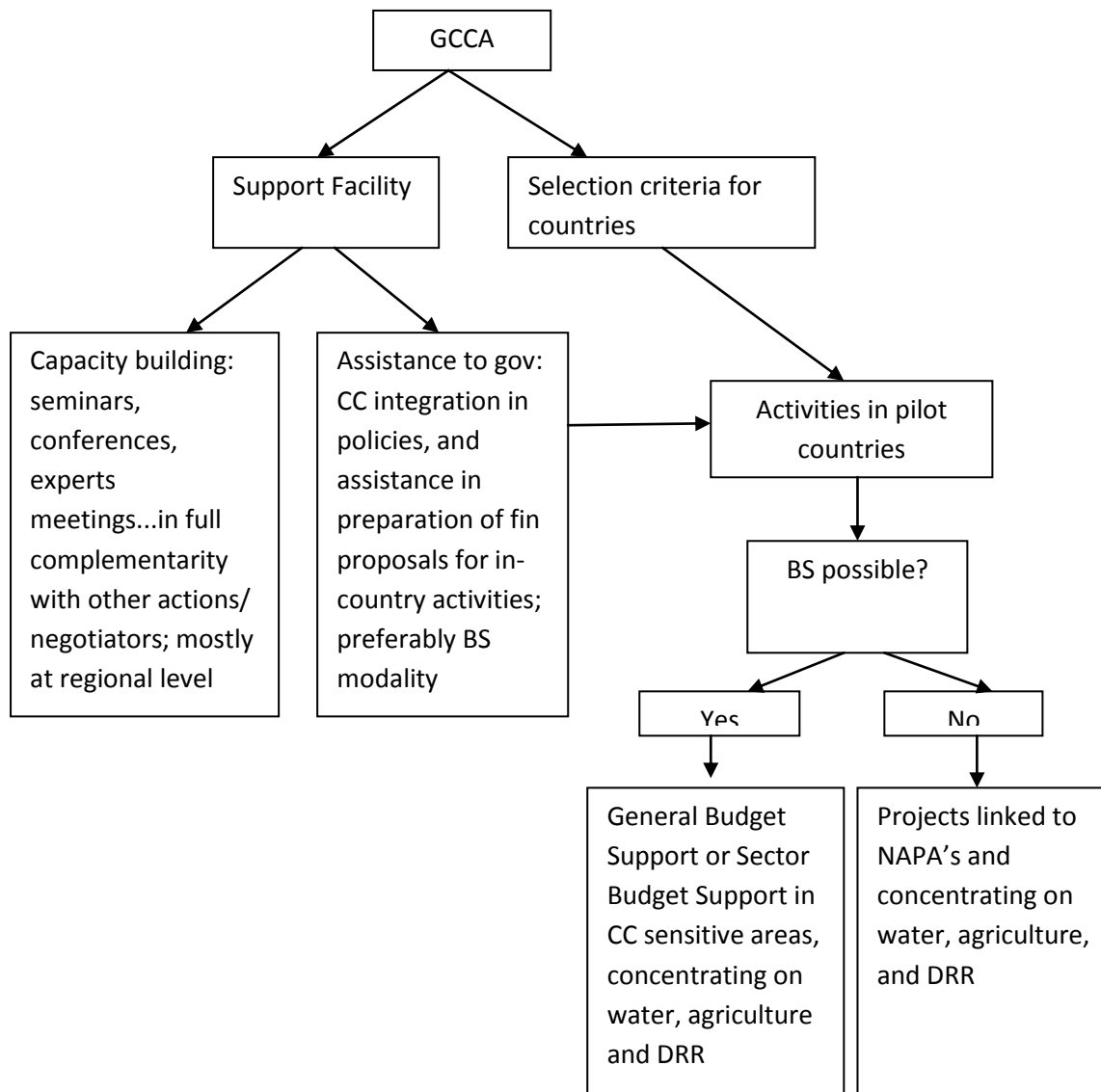
The role of the GSF is to help with the implementation of the GCCA which it does through the following activities:

- Ad-hoc support for the implementation of GCCA activities in beneficiary countries. Either the EC delegation or country desk in Brussels can request a particular expert to assist in identifying and formulating the intervention.
- Organising GCCA international dialogue events and technical workshops involving target country officials and stakeholders. In 2010, the GSF organised the Africa and Asia Regional Conferences, and in March 2011 similar events will be held in the Caribbean and Pacific.
- Facilitating a series of workshops on mainstreaming climate change within national development strategies. Around nine workshops are expected in 2011-2012 with the first taking place in March 2011 as side events to the regional conferences.
- Managing GCCA communications, in particular running the website [www.gcca.eu](http://www.gcca.eu) and organising GCCA side-events, such as during the 2009 and 2010 UNFCCC COPs.

In the Commission's 2008 document on the implementation of the GCCA, they offered the following diagram for the GCCA implementation structure, which gives an idea of how the role of the GSF was conceived.<sup>19</sup>

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<sup>19</sup> European Commission (2008): "Commission staff working document: Implementation framework of the global climate change alliance." Pg. 22



Few of the stakeholders consulted are aware of the existence of the GSF. Many of the activities, such as running the GCCA website and organizing the dialogue events, take place under the GCCA banner and do not advertise the involvement of the GSF. Once the capacity building workshops begin in 2011, stakeholders and particularly the beneficiary countries should start to have more direct involvement with the facility.

There are also plans underway to establish an **Intra-ACP support facility (CSF)** and the contract for running this facility is currently being tendered.

The relationship between the new intra-ACP support facility (CSF) and the existing GCCA support facility (GSF) is not clear. They have separate funding streams with the intra-ACP CSF being funded from the 10<sup>th</sup> EDF and focusing exclusively on ACP countries. In contrast to the GSF, the intra-ACP CSF will be run by the ACP Secretariat with the Commission expected to provide advice, rather than holding any direct control over the facility.

However, the purpose and activities of the two facilities appear very similar. The Procurement Notice for the intra-ACP Support Facility states that the main activities of the new support facility will be the following:

- Support dialogue and exchange of experience between the ACP and EU and among the ACP;
- Increase the capacity of ACP negotiators to participate in the international climate negotiations;
- Provide institutional support and capacity building to regional institutions and organisations, particularly in Central Africa;
- Provide support for the implementation in ACP regions and countries of the future climate international agreement under the UNFCCC;
- Provide support for awareness raising and outreach on the future international agreement in ACP countries;
- Provide technical assistance and expertise to ACP regions and countries on responding to the impact of climate change;
- Advise on how to effectively integrate climate change into regional, national and sector development policies.<sup>20</sup>

The two facilities will overlap for around a year until the funding for the GCCA support facility (GSF) comes to an end in 2012. The Commission has not yet decided whether this contract will be extended. It appears unlikely that the GSF will continue to exist in parallel with the intra-ACP CSF given that their roles and responsibilities will overlap considerably.

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<sup>20</sup> EuropeAid Co-operation Office (2010). "Technical Assistance for the GCCA Climate Support Facility, Worldwide: General Procurement Notice". EuropeAid/130466/D/SER/Multi

## 5. Current funding structure of the GCCA:

The Commission first proposed the idea of the GCCA, and then had to find resources to fund it. This required scraping together small amounts of money from different funding streams.

### a) Core funding of the GCCA:

The following are the main sources of funding for the GCCA, which as of November 2010, amounted to a total deposit of €139.6 million, with €7.30 million having been disbursed, and €25.80 million approved.<sup>21</sup>

Source	Amount
Development Cooperation Instrument (DCI), Thematic Programme: 'Environment and Sustainable Management of Natural Resources, including Energy' (ENRTP)	2008: €10 million 2009: €35 million 2010: €50 million (includes €25 million of additional fast start financing)
10 <sup>th</sup> EDF intra-ACP and intra-regional cooperation funding	2008-2013: €40 million
Member States	2008: €4.4 million (Sweden) 2009: €0.2 million (Czech Republic)
Total	€139.6 million

The following describes these sources of funding in more detail:

#### DCI Instrument: ENRTP Thematic Programme:

The DCI is the EU's main instrument for funding development cooperation within the EU budget. It was created in 2007 and has a total budget of €16.9 billion for the period 2007-2013. It is divided into geographic programmes, supporting 47 non-ACP developing countries, and 5 thematic programmes benefitting all developing countries.

The GCCA receives funds from the thematic programme, 'Environment and Sustainable Management of Natural Resources, including Energy' (ENRTP). The programme and budget lines for the ENRTP are set by Thematic Strategy Papers and Multi-Annual Indicative Programmes. The 2007-2010 programme set a total budget of €470 million<sup>22</sup>, which has been increased for the 2011-2013

<sup>21</sup> Climate Funds Update (Nov, 2010), "Global Climate Change Alliance"  
<http://www.climatefundsupdate.org/listing/global-climate-change-allianc>

<sup>22</sup> European Commission (2007), "Thematic Strategy for the Environment and Sustainable Management of Natural Resources, including Energy (ENRTP) pg. 3

programme to an indicative amount of €517 million<sup>23</sup>. In addition, Annual Action Programmes set the budget and priorities for the year ahead.

The Commission initially earmarked €50 million for the GCCA for the period of 2008-2010, with an allocation of €10 million in 2008, €25 million in 2009, and €25 million in 2010. However, when negotiating the annual budgets, the totals for 2009 increased by €10 million and by €25 million for 2010. The 2010 additional allocation of €25 million is half of the 2010 tranche of the 'Fast Start' climate finance committed by the EU in Copenhagen. The total amount allocated to the GCCA has therefore been €95 million for 2008-2010.

In early 2011, a final draft of the Multi-Annual Indicative Programme for 2011-2013 was published which allocates €75 million for 2011-2013 for 'climate change adaptation, including the GCCA'. Of this, €25 million is additional to the original budget and counts as half of the 2011 tranche of the fast start climate finance committed by the EU in Copenhagen. Once the 2012 budgetary process is completed, a further €25 million of additional fast start climate finance is expected to be added to this budget. The total amount allocated to the GCCA for 2011-2013 should therefore be at least €100 million.

The future of the ENRTP beyond 2014 will be decided as part of the negotiations for the next EU Financial Perspective, 2014-2020.

#### 10<sup>th</sup> EDF intra-ACP funds:

The European Development Fund (EDF) is the primary instrument for providing cooperation to ACP states. The EDF does not come under the EU's general budget, and is funded by the Member States with its own financial rules.

The total budget of the 10<sup>th</sup> EDF, 2008-2013, is €22,682 million with the majority (€17,766 million) going to national and regional indicative programmes. However, €2,700 million is dedicated to intra ACP and intra regional cooperation and from this €40 million was allocated to GCCA regional activities in ACP countries for 2008-2013.

A mid-term review of the 10<sup>th</sup> EDF took place in 2010, the results of which are expected in early 2011. The negotiations for the 11<sup>th</sup> EDF will take place in parallel to those for the Financial Perspectives and it is not clear if intra-ACP activities will continue to be supported to the same extent.

#### Member State contributions:

EU Member States have been urged by the European Commission and Parliament to contribute funds to the GCCA.

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<sup>23</sup> European Commission (2010). "Environment and Natural Resources Thematic Programme: 2011-2013 Strategy Paper and Multiannual Indicative Programme" pg 4.

Sweden made a one-off contribution of €4.4 million in 2008, and the Czech Republic followed in 2009 with €0.2 million. These can be seen as good-will gestures to show their commitment to the EU's climate change efforts in advance of their respective Presidencies of the EU.

Ireland has decided to make a one-off contribution, as part of their fast start climate finance contributions of €23 million to the GCCA in 2011 and Cyprus an annual transfer of €0.6 million for 2010-2012. In addition, the Commission is in talks with Malta and Portugal about their bilateral funding.

#### European Commission Fast Start Climate Finance

The EU and Member States agreed to contribute €7.2 billion to the Fast Start Programme (2010-2012) agreed in Copenhagen. Of this amount, the Commission is responsible for providing €50 million additional financing a year. This will be channelled through the ENRTP programme.

In 2010, the annual budget for the ENRTP was increased by €50 million, half of which went to the GCCA for adaptation measures. The 2011-2013 ENRTP programme includes the 2011 tranche of climate finance (€50 million) with the same split between the GCCA for adaptation measures (€25 million) and other initiatives focused on mitigation (€25 million). The 2012 tranche (€50 million) will be added to the ENRTP budget following the 2012 budgetary process.

#### **b) Additional sources of funding for the GCCA:**

In addition to these core sources of funding for the GCCA, the Commission have identified a number of additional pots of money which are aligned to the objectives of the GCCA, and presumably could be channelled through the alliance.

#### Other ENRTP funds:

In addition to those earmarked specifically for the GCCA, the ENRTP's 2007-2010 Multi-Annual Indicative Programme contains other potential sources of funding, including:

- €25 million to implement the objectives of the EU Action Plan on Climate Change and Development , and the Communication 'Limiting Global Climate Change to 2 degrees Celsius: The way ahead for 2020 and beyond;
- €70m under the forest heading.

#### Other 10<sup>th</sup> EDF intra-ACP funds:

In addition to the €40 million dedicated to the GCCA, the Multi-Annual Programme for intra-ACP and intra-regional cooperation includes the following potential sources of funding for the GCCA:

- €70 million for implementation of Multilateral Environmental Agreements (MEAs)
- €180 million for Disaster Risk Reduction (DRR)

Country and regional programmes:

The vast majority of Europe's development cooperation is disbursed through individual country and regional programmes. ACP countries are supported through the 10<sup>th</sup> EDF national programmes, and non-ACP countries through the DCI's geographical programmes. The Commission has proposed that where environmental activities have been identified as a priority area for support, the GCCA could be a channel for disbursing these funds.

## **6. The future of the GCCA**

The Commission has not been successful in rallying support among the largest Member States for the GCCA. As a result, the alliance has not achieved its original aim of being the 'clearing house' for all EU initiatives on climate change in LDCs. The funds at its disposal are a fraction of what other multilateral and regional climate finance instruments receive and the Commission is faced with the challenge of identifying how the GCCA can 'add value' with significantly less funds than they had hoped for. Furthermore, the GCCA appears to have struggled to have any political weight as a platform for dialogue and exchange.

In the short-term, until 2013, the future of the GCCA appears to be secure. The main sources of funding for the GCCA are from earmarked budget headings within the DCI and EDF, both of which run until the end of 2013.

The GCCA does not publish an annual work programme, or report on its achievements. The only annual plans which are available are those for the entire ENRTP, which includes only a budget line indicating which beneficiary countries will receive funding in the year ahead. It is therefore difficult to identify the Commission's detailed plans for the GCCA. However, it is expected that for the next three years, the GCCA will continue with its current approach. 17 beneficiary countries have already been selected to receive GCCA financial cooperation, and more will be added to the list in the next couple of years. Simply implementing and managing these programmes will likely stretch the Commission's capacity. In addition, further regional conferences are planned, and additional dialogue initiatives will take place.

The future of the GCCA beyond 2014 is much more uncertain. It depends on a series of wider decisions which need to be made, including the following:

- The design of the EU's instruments and regulations for development cooperation within the next multi-annual financial framework, and in particular the future of thematic programmes.

Within the upcoming negotiations for the next EU financial Perspectives, the issue of how to design the successor to the current Development Cooperation Instrument (DCI) will be a key issue. There are currently 5 thematic programmes under the DCI, including the environment programme, the ENRTP, which provides the core funding for the GCCA. Proposals include structuring the budget along geographic programmes, or at least streamlining the thematic programmes.

- How the European Commission will deliver its climate finance in the long-term.

Another critical issue within the negotiations on the Financial Perspective will be how the Commission will deliver its climate finance post-2013. One option could be to have a separate budget heading for climate change, although this could create coordination problems in implementation. There is a strong pressure for the Commission to ensure that its climate finance is additional to traditional ODA. While there will be some calls for the Commission to make use of the UNFCCC and other initiatives, there will also be pressure to find a 'European' solution. The GCCA

could potentially benefit if the Commission pushes for an instrument or a thematic programme specific for 'climate finance' which is clearly distinct from, and additional to, traditional development cooperation.

- The future commitment of Member States to the GCCA

Without the political and financial support of Member States, the GCCA will struggle to have a significant impact as either an instrument for cooperation or dialogue. The Member States with the largest development cooperation programmes, such as the UK, France and Germany, have already put a lot of resources and political capital into making other multilateral and bilateral initiatives a success. Even Sweden, which made a one-off contribution to the GCCA, shows no indication of making an ongoing commitment to the GCCA. However, those Member States who have recently joined the EU, and have smaller bilateral development budgets, appear interested in supporting a coordinated European approach to climate finance.

Member States, and particularly the larger ones, have recently pledged large amounts of climate finance and will be looking for avenues to channel this funding. If the GCCA can prove it is effective, and the Commission can convince at least one of the larger Member States to commit funds, this may provide the necessary momentum to change the fortunes of the GCCA.

- The prospects of establishing a Global Climate Financing Mechanism (GCFM)

At the same time that Commissioner Michel announced his intention to create the GCCA, he launched an investigation into the possibility of creating an innovative financing instrument, called the Global Climate Financing Mechanism (GCFM) to support the GCCA. The idea was that this would frontload support to climate related investments through the issuing of bonds on the international financial market. Repayment of such bonds would be guaranteed by supporting countries from their own budgetary resources, including ODA and possibly resources derived from the future carbon market. Although the Commission and the World Bank studied the feasibility of the GCFM, the idea has not been taken forward. This was largely due to the resistance it met from Member States, and the fact that its biggest champion, Commissioner Michel's term of office came to an end. It is unlikely that this issue will resurface, although if it does, the GCFM could hold potential as a long-term source of secure funds for the GCCA.

These and other issues will determine the chances of the GCCA surviving post-2013. If it does survive, it is unlikely that it will continue in its present form. At present, the GCCA is seen as the Commission's initiative, and there is very little ownership among Member States and beneficiary countries. If Member States agree to channel significant amounts of their climate finance through the GCCA, they will demand a more transparent governance structure and a more focused set of priorities and initiatives.

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## **Annex I: Outputs from the Dialogue Pillar**

Date	Region	Forum	Outcome
May 2008	Caribbean	EU-CARIFORUM Heads of State and Government Forum	CARIFORUM-EU Declaration on Climate Change and Energy <sup>24</sup>
May 2008	Asia	Ad-hoc meeting between the EU, and Asian GCCA beneficiary countries, at the end of the Asia Regional Conference, Dhaka, Bangladesh, 30-31 May 2010.	Declaration on Climate Change between the EU – Bangladesh – Cambodia – Maldives. <sup>25</sup>
Nov 2008	Pacific Islands	Ministerial Troika of EU – Pacific Islands Forum	Declaration by the Pacific Islands Forum Islands Forum States and the European Union on Climate Change <sup>26</sup>
Nov 2008	Africa	11 <sup>th</sup> Ministerial Meeting of the African and EU Troikas, Addis Ababa, Ethiopia, 20-21 November 2008	A Africa EU Declaration on Climate Change <sup>27</sup>
May 2009	ACP	Joint ACP-EC Council of Ministers, 28-29 May 2009, Brussels	Joint ACP-EU Declaration on Climate Change and Development <sup>28</sup>
May 2010	Asia	GCCA Asia Regional Conference, 30-31 May 2010, Dhaka, Bangladesh	Conference of nine Asian countries to exchange practical ideas of tackling climate change, and build an alliance in support of the UNFCCC negotiations.
Oct 2010	Africa	GCCA Africa Regional Conference (pre-event of the 7 <sup>th</sup> African Development Forum), 12 October 2010.	Conference to exchange views and provide updates on financial and technical support through the GCCA.

<sup>24</sup> CARIFORUM-EU TROIKA SUMMIT Joint Communiqué, Lima, Peru, 17 May 2008.

<sup>25</sup> EU – Bangladesh, Cambodia, Maldives, “Joint Declaration on Climate Change”, Bangladesh, 30-31 May 2008.

<sup>26</sup> EU-Pacific Islands Forum, “Declaration on Climate Change”, 7 November 2008

<sup>27</sup> EU- African Troikas, “A Africa EU Declaration on Climate Change”, Addis Ababa, 20-21 November 2008.

<sup>28</sup> ACP- EC Council of Ministers, “Declaration on Climate Change and Development”, Brussels, 28-29 May 2009.

**Annex II: Outputs from the Cooperation Pillar in beneficiary countries.**

<b>Country +Year of commitment</b>	<b>Project length</b>	<b>GCCA funds allocated</b>	<b>GCCA funds spent (Nov 2010)</b>	<b>Implementation Modality</b>	<b>Description</b>
<b>Cambodia (2008)</b>	2010-2012	2,205,816	480,595	Contribution Agreement with UNEP	Operate at the national and local level in 4 provinces, focusing on building the capacity and knowledge base of institutions.
<b>Maldives (2008)</b>	2010-2012	3,800,000 (+ DCI: 2,700,000; AUSAID: 500,000)	3,250,000	Administrative Agreement with the WB	Build capacity of the government to engage in high level policy dialogue on international environmental issues and to formulate, develop and implement sustainable regional development and environmental policies while strengthening local ownership and capacity to deal with the challenges of climate change.
<b>Tanzania (2008)</b>	2010-2013	2,205,816	59,484	Financing Agreement and TA	Set up a number of eco-villages where holistic, integrated, innovative, coherent, result-oriented and community based actions will be tested in rural areas of Tanzania
<b>Vanuatu (2008)</b>	2010-2014	3,200,000 (+WB/GEF: 3,000,000)	0	Financing Agreement and Administrative Agreement with WB	Improve overall understanding on the effects of climate change and strengthening climate resilience and disaster risk reduction in key sectors in Vanuatu.
<b>Bangladesh (2009)</b>	2011-2015	8,500,000 (+UK: €65,400,000; SE: €15,200,000; DK: €1,500,000)	0	Multidonor trustfund. Administrative Agreement signed with the World Bank.	Support the Government in implementing CC Strategy and Action Plan 2009, including adaptation, mitigation, and disaster risk reduction measures.
<b>Guyana (2009)</b>	2011-2014	4,165,000	0	Financing Agreement for GBS	Support to the Guyana National Mangrove Management Action Plan

<b>Jamaica (2009)</b>	2010-2013	4,130,000 (+GoJ/UNEP: 300,000)	0	Contribution Agreement with UNEP	Adaptation measures in coastal eco-systems, including improved management of selected watersheds, and build planning capacity.
<b>Mali (2009)</b>	2010-2014	5,650,000 (+GoM: 560,000)	87,231	Financing Agreement and TA	Build capacity of the government for mainstreaming climate change into planning.
<b>Mauritius (2009)</b>	2010-2013	3,000,000	0	Financing Agreement for GBS	Encourage consistency between the economic reform programme and sustainable development focusing on mitigation of the negative impacts on the environment.
<b>Rwanda (2009)</b>	2010-2012	4,555,000 (+DFID, SIDA, UNEP, USAID, UNECA, FAO etc)	2,300,000	Financing Agreement for Sector Budget Support	Support government to establish a land tenure system
<b>Senegal (2009)</b>	2010-2013	4,000,000	0	Financing Agreement	Focus on protection of coastal erosion. Will probably have a component to support government in developing a national strategy (or, if scaled down, a study on coastal erosion to identify priority). And a pilot component, focusing on coastal protection projects from the NAPA
<b>Seychelles (2009)</b>	2010-2013	2,000,000	600,000	Financing Agreement for General Budget Support	Enhance the sustainability of Seychelles development and economic reforms through mitigation policies and building resilience for adaptation to climate change impacts on the economy and society at large.
<b>Belize (2010)</b>		2,900,000	0	Contribution agreement with UNDP	Increase national awareness of climate change, mainstream within planning, support adaptation water plan
<b>Ethiopia (2010)</b>		13,700,000	0	Indirect centralized	Increase the awareness and capacity of targeted Government

				management to AFD and GTZ	institutions both at federal and regional levels and of the rural population at large to deal with climate change.
<b>Mozambique (2010)</b>		10,200,000	0	Financing Agreement and Indirect centralized management with DANIDA	Support the Government of Mozambique in tackling the adverse effects of climate change, with a special focus on the most vulnerable communities in the rural areas of the country
<b>Nepal (2010)</b>		8,600,000	0	Financing Agreement and Indirect centralized management with DFID	Build capacity of Government of Nepal to develop, cost, budget and implement evidence-based policy and measures aimed at mainstreaming climate change in key development sectors
<b>Solomon Islands (2010)</b>		2,800,000	0	Financing Agreement for GBS	Build capacity for policy enhancement, coordination and implementation of national Climate Change strategies.
<b>Pacific (2010)</b>	2011-2014	11,400,000	0	Contribution Agreement with the Secretariat of the Pacific Community (SPC)	Support mainstreaming of adaptation at national and regional level.

**Annex III: Outputs from the Cooperation Pillar in regions**

Region	Expected Date of contract	GCCA funds allocated	Implementation Modality	Description
ACP	2011	4,000,000	Service Contract	<b>Intra-ACP Climate Support Facility (CSF)</b> , to build capacity and support regional institutions and countries, through dialogue, technical expertise, awareness raising and negotiation training.
ACP	2011	700,000	Service Contract	<b>Institutional Support to the ACP Secretariat</b> to manage the GCCA Climate Support Facility (CSF) in terms of managing requests for assistance from countries, and liaising with the CSF.
Africa	2011	8,000,000	FAFA Contribution Agreement with UNECA	<b>Implementation of ClimDev Africa initiative</b> , to increase capacity of weather institutions to provide and disseminate climate information.
Africa	2011	4,000,000	Contribution Agreement COMESA Secretariat	<b>COMESA Component</b> , to increase COMESA's capacity to support its member states in dealing with the effects of climate change.
Africa	2011	4,000,000	Grant Agreement or Contribution Agreement with Inter-State Committee to Combat Drought and Desertification (CILSS)	<b>ECOWAS Component</b> , to increase CILLS (the specialised body for ECOWAS dealing with climate change) capacity to support its member states in dealing with the effects of climate change.
Caribbean	2011	8,000,000	Grant Agreement with the Caribbean Community Climate Change Center (CCCCC)	<b>Caribbean Component</b> , to support the implementation of the Caribbean regional climate change strategy.
Pacific	2011	8,000,000	Grant Agreement or Contribution Agreement with the University of the South Pacific	<b>Pacific Component</b> , to support the implementation of the Pacific Islands Framework for Action on Climate Change, through capacity building, community engagement and applied research.