



WWF

POSITION
PAPER

NOVEMBER
2011

Environment for Development in the new EU External Action funding instruments

The Commission Communication on the Multi-annual Financial Framework (June 2011) re-affirms that to address the challenges of environmental sustainability and climate change in the external actions of the EU, a common, pan-European approach will be needed.

There are four key issues to be addressed in this regard:

- 1) Promoting environmental sustainability and climate objectives through EU external actions
- 2) Meeting international commitments on the Millennium Development Goals and Multilateral Environmental Agreements
- 3) Meeting international climate finance commitments and ensuring additionality of climate finance
- 4) Ensuring and supporting civil society participation in development policy dialogue and programmes

Environmental sustainability and climate objectives in EU external actions

WWF Asks:

Environmental sustainability and climate change objectives should be delivered at three levels:

1. Through an operational strategy to mainstream environmental sustainability and climate change in development cooperation programmes and external actions
2. through global thematic programmes
3. through responding to the environmental objectives identified in partner countries and regions

1. Mainstreaming environment in development cooperation

Mainstreaming should be done throughout geographic and thematic instruments in European external action. The use of Strategic Environmental Assessments and Environmental Impact Assessments are useful tools to support mainstreaming, but they are not enough. **A fully operational strategy for environmental integration must be in place before the next programming round of development cooperation, as requested by the Council in 2009.** Mainstreaming of climate and environment together can bring many co-benefits to other development priorities such as agriculture, food security, health and access to clean water.

2. Priorities for environmental action through global thematic programmes

Global thematic programmes are needed to provide targeted support for specific actions which address global and regional challenges to human development as many of these issues cannot be addressed properly through a country by country approach. We welcome the proposal of thematic programmes to tackle global public goods such as biodiversity, freshwater, forests and climate but emphasise that the challenges are greater than ever – therefore an appropriate level of resources must be made available. **The current resources of EUR1 billion are insufficient and at least a doubling of this amount will be required.**

3. Responding to environmental objectives identified in partner countries

Where partner countries and regions have identified the environment and climate change as a focal sector, EU country strategies should respond with relevant support. The resources within thematic programmes alone cannot possibly deliver on all the needs and expectations or activities agreed under Multilateral environmental agreements. For example, there were instances during the previous programming round where environmental issues identified by partner countries were not prioritized by the EU on the basis that a thematic programme existed to cover such issues – even though the legislation made it clear that the thematic programmes were complementary, intended to provide added value and not substitute for geographic support.

Meeting international commitments on the Millennium Development Goals and Multilateral Environmental Agreements

WWF Asks:

The EU must deliver on international environmental commitments in:

1. Focusing efforts on the achievement of the Millennium Development Goal on environmental sustainability
2. Stepping up its contributions to avert global biodiversity loss and double the amount of funding currently devoted to biodiversity through external cooperation

1. Achieving the MDG on environmental sustainability

We are rapidly approaching the 2015 target date for the delivery of the Millennium Development Goals but many of the Goals are still significantly off track. This includes the 7th Millennium Development Goal on environmental sustainability (*“to reverse the loss of environmental resources”*). All over the world, there is growing evidence of the strong links between biodiversity conservation and healthy ecosystems on the one hand and poverty elimination on the other. Ecological degradation and the lack of access to natural resources are a root cause of human deprivation and increase vulnerability to external shocks.

2. Step up EU contribution to avert global biodiversity loss

There is a strong rationale to allocate a greater part of European spending on environmental sustainability in its external action. For example, the Treaty of Lisbon defines the purpose of EU’s external actions “with the primary aim of eradicating poverty and helping to develop international measures to preserve and improve the quality of the environment and the sustainable management of natural resources, in order to ensure sustainable development”. Support to the implementation of Multilateral Environmental Agreements would be a fundamental part of this action.

Studies indicate that the value of biodiversity and ecosystem services to the rural poor in developing countries equates to between 47 and 89 per cent of the GDP of the poor, ie the effective GDP or total sources of livelihoods of rural and forest-dwelling poor households. (TEEB, *The Economics of Ecosystems and Biodiversity*).

The EU has committed, as part of its 2020 biodiversity strategy, to step up its contribution to averting global biodiversity loss. At the 10th Conference of the Parties to the Convention on Biological Diversity (CBD) in Japan, all governments agreed on a strategy for resource mobilization to substantially increase financial resources for the implementation of the global biodiversity strategy to 2020. Funding targets will be agreed at the next Conference of the Parties in India in 2012. Therefore the EU will need to plan for additional financial resources for global biodiversity in the next Multiannual Financial Framework to reflect this international commitment. Currently an annual

average of less than 1.5% of the ODA managed by the European Commission is spent on biodiversity objectives.

In the next MFF the EU **should at least double the amount of funding it currently devotes to biodiversity globally** and ensure that it gives specific support to partner countries to meet their own obligations under the CBD and other international environmental conventions.

Meeting international climate change commitments and ensuring additionality of climate finance

WWF Asks:

The EU must deliver on international environmental commitments by:

1. Meeting international commitment to deliver 100 billion USD annually for climate action in developing countries
2. Separate accounting and reporting of climate finance
3. Ensuring resources are provided for the operationalization of the Green Climate Fund and principles of alignment with country-owned priorities are upheld

1. Meeting international commitments for climate action

The MFF 2014-2020 must demonstrate how the Commission will meet its fair share of the international commitment made within the context of the UNFCCC to deliver 100 billion USD annually for climate action in developing countries by 2020. **This includes putting in place steps to ensure there is no financing gap post the fast start finance commitment period, defining funding milestones towards 2020 and indicating Europe's overall fair share of the 100 billion USD commitment.**

The Commission plays an important role in setting high standards for other Member States. The MFF therefore should show how the Commission will meet the UNFCCC commitments to make new and additional finance available, including through innovative sources of finance. The EU Council has agreed that climate finance must not detract from or undermine the objectives of poverty reduction and the achievement of the Millennium Development Goals. **In particular, the EU Member States should step up to their political commitment made to earmark at least 50% of the EU Emissions Trading Scheme (ETS) auctioning revenues for further climate protection in the EU and third countries.** The Commission needs to comprehensively oversee and safeguard the usage of ETS auctioning revenues by Member States in order to assure delivery on these aspirations, as well as setting a global example on how innovative financing can be generated, while respecting the principle of the polluter pays.

2. Separate accounting for climate finance

Some climate finance can be legitimately counted as Overseas Development Aid under the OECD DAC criteria, and support provided as climate finance should clearly be integrated with development priorities when implementing measures on the ground. But finance reported towards progress in meeting international commitments under the UNFCCC as well as commitments made in Copenhagen (COP15) and formalised in Cancún (COP16) should not be double-counted towards progress in meeting the commitment to contribute 0.7% of GNI as aid. While under the proposed MFF, the 0.7% goal would be reached by 2015, it is as yet unclear how much of this will be double-counted as the Commission's contribution to international climate finance, and therefore the extent in which development finance will be displaced. **As a first step, separate accounting and reporting of climate finance against a defined baseline**

should demonstrate the EU's accountability in this respect. The Commission has proposed an approach in the EU Accountability Report 2011 on Financing for Development, however there appears to be no consensus amongst EU Member States, despite the report's own observation that *"it is important for the credibility of the commitments that fast-start climate finance is not replacing other development finance"*.

3. Support to the Green Climate Fund

The EU should continue to support the establishment of an effective Green Climate Fund and ensure that resources will be made available for its future operations, including through new and innovative sources. All resources for climate mitigation and adaptation should uphold the principles of alignment with the priorities and plans identified by partner countries. An evaluation of the Global Climate Change Alliance and fast-start finance experience should inform the future funding mechanisms for climate action through the EU budget.

Ensuring civil society participation in development cooperation

WWF Asks:

In order to support Civil Society organisations in delivering their potential as development actors, the EU should:

1. Ensure participation of CSOs in the definition and evaluation of EU programmes
2. Earmark funds for Civil Society both in thematic and geographic programmes
3. Take forward the recommendations from the EU Structured Dialogue with civil society organizations and local authorities in the design of all future funding instruments

1. **Ensure participation of CSOs in the definition and evaluation of EC programmes**

In the Accra Agenda for Action on aid effectiveness, it has been recognized that Civil Society has an important role to play in the development process alongside donors and partner governments. Civil society groups provide a critical function in holding governments and donors to account for their decisions and investments, including those involving natural resources. More specifically in the definition and evaluation of EC external aid programmes, Civil Society can provide valuable knowledge and expertise, give a voice to marginalised groups, increase ownership of development actions and ensure the European Union delivers on its commitments. This is in line with the recommendation of the Structured Dialogue to the EU *“to promote and support regular, structured and inclusive multi-stakeholder dialogues to increase trust, complementarity and mutual accountability across stakeholders, including with the political society”*.

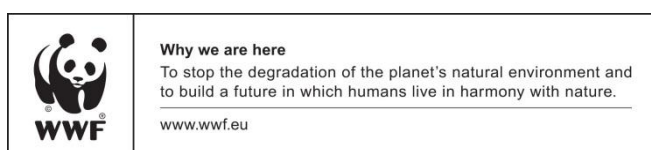
2. **Earmark funds for Civil Society both in thematic and geographic programmes**

Besides delivering essential services, CSOs play an important role in voicing citizens' needs and rights, in advocacy on local, national and global issues and ensuring governments are held accountable for their decisions and investments. Civil society also helps increase the “demand side” for the integration of cross-cutting issues like environment in national development plans, particularly in countries where these are not part of the national development agenda.

The current Thematic Programmes on environment and Non State Actors and Local Authorities have proven fundamental in supporting civil society in all these areas. However allocated funds have been limited compared to the overall needs, especially in a context in which geographic programmes rarely foresee support to civil society or natural resources. **Support should be continued and enhanced under thematic as well as geographic programmes, at local as well as country and multi-country level.** With the emergence of a global civil society with mutual understanding and shared practices, support to joint advocacy work, capacity-building and exchange of experiences North-South and South-South is more than ever needed.

3. Implement the recommendations of the Structured Dialogue

The EU Structured Dialogue on the contributions of civil society organisations and local authorities in development cooperation resulted in key messages for future EU development cooperation support and recommendations for each stakeholder involved in the dialogue. Those key messages and recommendations should directly feed into the design of future funding mechanisms including the need to envisage long-term, predictable and independent funding (for research, advocacy and networking); to empower CSOs to participate effectively in dialogues; to respect and actively promote the right of initiative and to draw from an appropriate mix of funding mechanisms adaptable to different local situations.



© 1986 Panda Symbol WWF - World Wide Fund For Nature (Formerly World Wildlife Fund)
® "WWF" is a WWF Registered Trademark.

For further information:

Sally Nicholson

Manager Development Policy and Finance

WWF European Policy Office

Email: snicholson@wwf.eu

Phone: +32 2 740 09 37

Pauline Denissel

EC Funding Officer

WWF European Policy Office

Email: pdenissel@wwf.eu

Phone: +32 2 740 09 31

Emilie Van der Henst

EC Funding Officer

WWF European Policy Office

Email: evanderhenst@wwf.eu

Phone: +32 2 740 09 28