



Delivering on the European Green Deal to support resilient recovery in developing countries

CAN Europe recommendations for programming and implementing the Neighbourhood, Development and International Cooperation Instrument

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Climate Action Network (CAN) Europe is Europe's leading NGO coalition fighting dangerous climate change. With over 170 member organisations from 38 European countries, representing over 1.500 NGOs and more than 47 million citizens, CAN Europe promotes sustainable climate, energy and development policies throughout Europe.

This document sets out principles and recommendations for climate and environment mainstreaming in the Neighbourhood, Development and International Cooperation Instrument (NDICI). It builds on recommendations from 'Making the European Green Deal work for International Partnerships', and a joint NGO statement 'European Green Deal must strengthen partner countries' recovery from the COVID-19 crisis'.¹ It is also aligned with Climate Action Network (CAN) Europe's recommendations on climate mainstreaming and proofing the EU budget in line with the Paris Agreement,² but is tailored to development cooperation, engagement with CSOs in partner countries, and delivering on Agenda 2030.

Programming is the process where EU spending and investment priorities for its work with partner countries are defined in dialogue with them, civil society actors and grassroots movements, and is the key process for ensuring the NDICI delivers on Agenda 2030, the Paris Agreement, and environmental objectives to support resilient recovery in developing countries. The triple challenges of the COVID-19, climate and biodiversity crises necessitate a stronger and more integrated approach. The European Green Deal should provide the framework, and demands a scaled-up approach to climate and environmental mainstreaming in programming.

CAN Europe recommends the NDICI be governed by a 50% climate and environmental spending target integrated ex ante into the programming process; aligning programming to support enhancement and implementation of national climate targets; and that all programmes are compatible with Paris Agreement goals of limiting temperature rise to 1.5°C, adaptation objectives, and Agenda 2030.

¹<http://www.caneurope.org/docman/climate-finance-development/3584-making-the-egd-work-for-international-partnerships/file>

<http://www.caneurope.org/publications/letters-to-policy-makers/1915-european-green-deal-must-strengthen-partner-countries-recovery-from-the-covid-19-crisis>

²<http://www.caneurope.org/docman/fossil-fuel-subsidies-1/3419-assessment-eu-budget-climate-mainstreaming-can-europe-september-2018/file>

Summary Recommendations

1. EU services and delegations should ensure transparent and inclusive consultations to inform programming
2. The Paris Agreement, biodiversity objectives, Agenda 2030 and international human rights standards should be universal principles underpinning programming work
3. Climate and environment mainstreaming should be strengthened through:
 - i. Improving climate and environment mainstreaming across all sectors
 - ii. Delivering on ambitious climate and environment targets
 - iii. Ensuring programming supports enhancement and implementation of national climate and environmental objectives
 - iv. Ensuring coherence between programmes
 - v. Ensuring climate- and environment-proofing of programmes in line with limiting temperature rise to 1.5°C and adaptation objectives
 - vi. Programming the EFSD+ for effective climate action
4. Set up an action plan to improve tracking of climate and environmental spending
5. Capacities of EU delegations and partner countries on climate and environment mainstreaming should be strengthened and supported.

Introduction

The EEAS' EU delegations, who play the crucial role in the programming process with partner countries, must be provided with programming instructions and operational guidance on how to translate the NDICI's principles and objectives into practice in their contexts throughout programming. The right monitoring systems and incentives should also guide the programming process at and from EU headquarters.

Programming is expected to begin from July 2020 onwards, in order to develop Multiannual Indicative Programmes (MIPs) on a national, regional or thematic basis, to describe priority areas, expected results, and financial allocations. Based on these EU delegations will draft annual action plans which will include calls for action for funding.

The European Green Deal, arriving during the pre-programming phase, demands a significantly scaled-up focus on climate and environmental action, and the following recommendations should feed into programming instructions, the development of MIPs, and then their subsequent implementation, monitoring and evaluation.

Recommendation 1: EU services and delegations should ensure transparent and inclusive consultations

The starting point for effective programming should be transparent and inclusive consultation with a diverse range of civil society actors, including during the pre-programming phase. A transparent and inclusive consultation process should be included in the programming instructions and documents; including for geographic programmes (in country) and thematic programmes (at EU Headquarters). This should happen throughout and beyond the programming stage: the pre-programming phase; at the mid-term review of the instrument; and at the end of the period, as well as continuing the practice of CSO feed-in into the multiannual indicative plans.

The COVID-19 crisis and emergency restrictions will mean the use of face-to-face consultations will need to be re-assessed at different stages. There are many innovative digital ways to encourage input, and the EU must make every effort to ensure online and phone consultation replaces face-to-face consultation in early stages of programming, and outreaches and supports a diversity of civil society actors and with special efforts for marginalised groups in particular to participate. EU services and institutions should systematically make available relevant and useful information about the process, its development and consultation opportunities, in a timely manner and in a format and language allowing effective participation. This could be built on the example of the joint programming tracker site.

EU delegations should strengthen their dialogue with a diverse range of CSOs, indigenous peoples and communities throughout the programming process; and there should be enhanced efforts to reach more diverse and marginalised groups. Inclusion of climate and environmental

actors is limited in CSO roadmaps and future revisions of CSO roadmaps and outreach should incorporate a more diverse range of civil society, from grassroots, indigenous, youth and women's groups, climate justice and environmental defenders.

Recommendation 2: The Paris Agreement, biodiversity objectives, Agenda 2030 and international human rights standards should be universal principles underpinning programming work

The Paris Agreement's long term goals, the 2030 Agenda for Sustainable Development, the universal principles of human rights, democracy and the rule of law, must inform and guide all EU programming. Legislative responses and use of emergency powers in response to COVID-19 can happen quickly, with potential long-term consequences. In the immediate emergency response and longer-term recovery there must be full respect for the rule of law, democracy and human rights, with special attention to vulnerable communities' rights to land and natural resources. The 'do no harm' principle must be incorporated. This means:

- Paris Agreement alignment (to limiting temperature rise to 1.5 °C through decarbonisation and adaptation goals) should be a cross-cutting element throughout the guidelines and programming documents.
- The human rights-based approach should be a cross-cutting element throughout the guidelines and programming documents
- Conducting and including human rights, democracy and civic space risk assessments that also refer to actions that could be undertaken by the EU and MS in case of violations of human rights and fundamental freedoms, in the programming documents.

Moreover, the 2030 Agenda's commitment to Leave No One Behind, as reflected in the European Staff Working Document on Inequalities should be part of the guidelines and documents, so as to ensure that inclusiveness and a distributional analysis is the starting point of all programmes. This means ensuring approaches are people-centered, gender-responsive and evidence-based, thereby putting those who are stigmatised, criminalised, marginalised and living in vulnerable situations at centre stage in the programming. This includes supporting community-led and community-based responses.

Recommendation 3: strengthen climate and environment mainstreaming

There is a need to strengthen climate and environment mainstreaming and better integrate it throughout the programming and project cycles to improve delivery across programmes. This is of particular concern given the increased proportion of funding allocated to the geographic programmes for the NDICI: the Mid-Term Review of the Development Cooperation Instrument (DCI) showed that outside the thematic Global Public Goods and Challenges Programme (GPGC), the prioritisation, funding and effective integration of climate and environment across Geographic Programmes was very limited. Mainstreaming environment and climate change should happen throughout the EU programming and project cycles as an inherent part of management, using an ex-ante approach, and all programming documents should be reviewed

from this perspective. Moreover in the face of the COVID-19 health and ensuing social and economic crisis, it is important that there is an increased focus on building resilience, and stronger focus on projects with adaptation as an objective, as well as screening projects and programmes to ensure they are resilient to climate impacts. The following recommendations take account of lessons-learnt from evaluations and reviews.

3.i Improving climate and environment mainstreaming across all sectors

The latest thematic 'Planet assessment' identifies five priority sectors for a transformative agenda: energy; sustainable agriculture, forestry, ecosystems management and land use; smart cities; water; circular economy.³ Beyond the more obvious sectors, mainstreaming needs to be better integrated across all sectors through the geographic programmes. This means identifying more programmes and projects where climate and environment can act as a 'principal' or 'significant' objective (using the Rio Markers) and through stronger alignment of programmes with strategic climate objectives (decarbonisation and adaptation); and more thorough use of climate-proofing principles and tools. This includes transport, infrastructure, and private sector development (for example urban development encompassing adaptation measures, renewables-based transport systems). But the European Green Deal also needs to contribute to human development and social inclusion, to improve health, particularly nutrition and the right to food, and public education outcomes.⁴ Programming guidelines and instructions need to give due consideration to this, and outline how EU delegations can identify and support programmes across these sectors. For example energy access and electrification of the health sector, programmes preparing the health sector for climate and environmental impacts, or nutrition and food security projects which strengthen adaptation through use of local indigenous knowledge, farmers-save seeds and agroecological practices. Identifying programmes and projects with multiple outcomes and benefits will maximise impacts, for example water resource management using nature based solutions, which contributes to health and adaptation to build community resilience. Programming should also seek to maximise the coherence between EU geographic and thematic priorities, for example exploring what opportunities are there to support CSO and indigenous peoples' implementation of climate and environmental action to support NDC implementation through grants and programming.

3.ii Deliver on ambitious climate and environment targets

Quantitative and qualitative targets for climate and environment, as well as gender, human development and social inclusion, should be reflected in programming at country and regional level using an ex-ante approach. EU delegations should be instructed to indicate, especially in the early phase of the programming, how the benchmarks and targets will be taken into account - through mainstreaming and/or dedicated actions - and how much funding is expected to be dedicated to the targets based on the programming of geographic envelopes. Such

3 in the current period geographical programmes should focus on max 3 sectors per country/region, with certain amongst these prioritised for mainstreaming action. https://ec.europa.eu/newsroom/devco/item-detail.cfm?item_id=658774&newsletter_id=227&utm_source=devco_newsletter&utm_medium=email&utm_campaign=Green%20Development%20News&utm_content=Robust%20Planet%20assessment%20to%20support%20future%20EU%20programming%20&lang=en

4 The relevant DAC codes being for health including nutrition (121,122, 130, excluding 13010), education (111,112,113)and social protection and services(16010,16020, 16050, 16064).

assessments should inform the programming of the thematic programmes to balance the funding and ensure the targets are reached. This should also enable the European Commission to ensure there is sufficient focus on programmes and projects including adaptation as an objective.

To ensure the benchmarks are delivered on, they should form part of the annual reporting process, to ensure corrective action can be taken as necessary. There should be a comprehensive report on progress at the Mid-term Review of the NDICI, of climate mainstreaming in the MFF, and at the end of the MFF cycle.

3.iii Support enhancement and implementation of national climate and environmental objectives

To deliver on the Paris Agreement the multiannual indicative programmes should be built on or clearly integrate the Nationally Determined Contributions of partner countries. Programming instructions should include clear guidance on prioritising support for implementation and enhancement of NDCs, through inclusive bottom-up approaches, and development of long term decarbonisation plans, integrated with SDG plans, National Adaptation Plans (NAPs), Disaster Risk Reduction strategies, National Biodiversity Strategies and Action Plans where available. Programming should support embedding of strong governance principles, participation and concrete milestones within NDCs so they deliver strong, gender-sensitive and inclusive development, and programming should take account of the NDC revision cycle. Moreover as the Council's partial negotiating mandate on the NDICI proposal states, '[the] Regulation shall not support actions incompatible with the recipient country's Nationally Determined Contribution under the Paris Agreement.'

DG DEVCO has developed an internal methodological guide for EU delegations and other staff to support implementation of the Nationally Determined Contributions (NDCs) which 'emphasises the links with Agenda 2030'.⁵ This is welcomed. However it is not clear how implementation of NDCs will be prioritised or how efforts will be made to ensure that as well as supporting NDCs, all programming will be compatible with them 'climate-proofing' (see below). The programming instructions should mandate EU delegations to ensure NDCs form part of the programming process, including adaptation elements of NDCs and National Adaptation Plans, particularly in least developed countries and small island developing states. Raising the profile of adaptation within guidance and programming instructions will help identification of under-invested adaptation projects in least developed countries, often involving the most vulnerable communities.

⁵https://ec.europa.eu/newsroom/devco/item-detail.cfm?item_id=658768&utm_source=devco_newsroom&utm_medium=Website&utm_campaign=devco&utm_content=EU%20boosts%20support%20for%20implementation%20of%20the%20Paris%20Agreement&lang=en

The approach includes 8 steps: Analysing the country's NDC; Defining the country's profile; Mapping other interventions in support of NDC implementation at country level; Defining sectors where cooperation could take place; Defining which component of the NDC will be supported; Defining the potential role of other sectors in supporting the NDC objectives; Defining interventions that will support NDC implementation; Defining the role of public and private finance

3.iv Ensure Climate- and environment-proofing in line with limiting temperature rise to 1.5°C and adaptation objectives

Programming instructions should include an obligation to ensure that all multiannual indicative programmes are ‘climate- and environment-proof;’ that they are compatible with the Paris Agreement’s goal of limiting temperature rise to 1.5°C, and to protect and restore ecosystems; support adaptation and are climate-resilient. Programming instructions must include an obligation to check project and programming compatibility with international human rights standards, social safeguards, and criteria excluding fossil fuels and environmentally harmful activities in line with the forthcoming NDICI regulation.

In the subsequent development of action plans and measures, climate and environmental screening needs to be used for every project and programme, and the scope of screening and the relevant tools improved to ensure compatibility with the Paris Agreement’s 1.5°C goal, that projects and programmes are adaptation-proof, and align with or do not contradict nature protection objectives. Current climate and environment mainstreaming guidelines include three tools for determining compatibility with climate and environmental objectives. Climate and environmental screening is used to determine whether and which of a: Strategic Environmental Assessment (sector-level -applicable to budget support and programmes/projects that provide strategic-level support), Environmental Impact Assessment (applicable to projects or specific investments), or a Climate Risk Assessment (projects) is required.⁶ SEAs need to be used more systematically across programmes, and not just those likely to have significant negative environmental impacts. EU delegations should work with partner countries to ensure all tools deliver a more robust assessment of compatibility with climate mitigation and adaptation objectives, as early as possible in the project or programme development, and should be governed by assessment of alignment to decarbonisation pathways in line with the Paris Agreement’s 1.5°C goal, and assessment of regional and sectoral vulnerabilities to climate impacts over the whole project / programme lifecycle. The assessment should result in a mitigation and adaptation strategy, with plans and measures to ensure projects and programmes adhere to mitigation and adaptation objectives.

3.v Programme the EFSD+ for effective climate action

As committed to in the Development Consensus, EU External Finance Institutions should ensure that climate and environment considerations are embedded in all levels of decision-making and action. The EFSD+ must be governed by strong environmental and human rights safeguards, the principle of Free, Prior, and Informed consent for all affected communities as the best way to protect their rights in the face of investors, and effective and accessible monitoring and complaint mechanisms, which apply to institutions signing guarantee agreements under EFSD+, and to the selection of individual projects and end-beneficiaries. The requirement for carrying out appropriate environmental and climate screenings and risk and impact assessments ex ante and ex post should be fully applied to the EFSD+ and the External Action Guarantee, with full transparency and opportunities to engage in assessments for civil society. Delivering on the

⁶ <https://europa.eu/capacity4dev/public-environment-climate/discussions/environmental-and-climate-risk-assessment-guidance-documents-now-available>

Paris Agreement means that there must be comprehensive exclusion criteria for any upstream or downstream fossil fuel activities (encompassing exploration, production, and consumption).

The increased focus on channelling funds through the EFSD+ without further evaluation of the EFSD is concerning. In the programming process the European Commission and EU delegations need to pay particular attention to how it can support small and medium-sized enterprises (SMEs) in the informal sector who make up the backbone of most developing country economies, who are often pioneering new, inclusive, green activities such as off-grid renewables and agroecological agriculture - but at the same time may lack access to credit, tenure, technology and skills. Support should be prioritised for inclusive business models, whereby environmental and social dimensions are strongly embedded in the company's governance and mandate, and income generated is reinvested in communities. Sustainable infrastructure, renewable and energy efficiency, urban development and agriculture should be priorities, as well as under-invested adaptation projects which benefit marginalised groups or communities.

Recommendation 4: set up an action plan on climate and environmental tracking

Currently development cooperation programmes are assessed using the Rio Markers and the 'Aid to Environment' marker. However a report by the European Court of Auditors recommended that the European Commission and Member States should work to improve transparency and accountability standards of climate financing; specifically regarding the climate tracking methodology ('Rio Markers') to avoid greenwashing and overestimation. The European Commission's relevant DGs for external action should pursue a specific action plan to identify more robust/ precise methodologies for climate and environment tracking, which should always be applied at project level. Regarding the use of the Rio Markers⁷ the action plan should involve a review of the coefficients (40% where climate/environment is a 'significant objective' and 100% where it is a 'principal objective') for the markers to determine whether they are accurate/reflective of on the ground use. This should also incorporate an assessment of training and capacity-building needs for staff using and applying the methodologies.

Considering the scaled-up role of blended finance through the EFSD+ and external action guarantee, inconsistency in climate and environment tracking is a concern and monitoring needs to improve across external financing and different EU institutions.

Further since the tracking of financial flows is based on commitments, not on actual expenditures, there could be further follow-up to assess whether financial commitments for climate and environmental action are consistent with payments and whether claimed objectives have been implemented on the ground.

⁷ <https://europa.eu/capacity4dev/file/32669/download?token=ESOutBxf>

Recommendation 5: strengthen capacities and capabilities of EU delegations and counterparts in partner countries

Strengthening climate and environmental capacities of EU delegations and counterparts in partner countries is necessary for enhanced action; clear guidance and support should be provided to EU delegations, they should be mandated to employ a climate and environment specialist and expand the scope of training, ensuring it reaches both environmental and non-environmental staff. It is crucial that climate and environment has a central role in Policy Dialogues, but that also climate and environment screening, for use of the appropriate tools, is used systematically for projects and programmes. There should be enhanced technical support and capacity-building for national counterparts in partner countries, who have the ultimate responsibility for mainstreaming in their national systems and programmes. All capacity building should take an intersectional approach, and address integration of climate and environmental action with poverty reduction and the reduction of inequalities, including gender inequality.

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