

E3G

E3G

Annual Review

2018





“To make change you
need people.
To sustain change you
need institutions”.

Introduction

The last year has seen the political turbulence around climate change increase. Rising climate impacts and falling clean energy costs are strong tailwinds changing the political calculus towards more ambitious climate action. But at the same time headwinds are growing due to resistance from those defending the benefits they gain – or think they do – from the fossil economy. Concern in the streets and in the polling is not being matched by political leaders, who are too often distracted by geopolitics, special interests and internal crises.

There is an increasing realisation that the barriers to effective climate action are political and institutional, not financial or technical. This makes E3G's core skills of strategic thinking, political analysis, climate diplomacy and coalition-building more critical than ever to the climate action ecosystem. In response to higher demand for political analysis, E3G has updated its Political Economy Mapping Methodology and has worked with local partners to already apply the new framework to six countries inside and outside Europe.

The last year was challenging but also marked by success. Global coal phase out picked up momentum with unprecedented numbers of planned plants cancelled. Following on from our work in helping create the Powering Past Coal Alliance we have rapidly grown our global activities on stopping coal use in Europe, South East Asia and Japan.

E3G has been at the heart of the spectacular growth in EU sustainable finance reforms, which have the potential to set global standards in this area. E3G worked intensively to increase the impact of the EU's Clean Energy Package, which while less ambitious than we hoped has helped lay the foundations for deep energy sector decarbonisation. E3G is now shifting to focus on building EU politics for agreeing climate neutrality by 2050, and a strong increase in 2030 mitigation ambition. The events of the past year have shown that climate politics must rest on a fair transition for all. E3G's work on just transition is expanding from coal regions to helping build the "social contract" for whole-economy climate transitions.

E3G has continued to take experience from Europe into global debates and bring global lessons back to Europe. This past year saw the publication of our first index of how Multilateral Development Banks

are aligning with the Paris agreement; work we are expanding to major Asian public banks. Working with the Swedish Government and the Stockholm International Peace Research Institute (SIPRI), E3G has supported the creation of the new UN Climate Security Mechanism supporting the UN system to be climate ready. As climate impacts worsen E3G will be stepping up its global work on driving investment into socially fair resilience.

Despite the distractions of Brexit, E3G is working hard to ensure the UK remain a climate leader. E3G will co-organise with the Mayor of London the first London Climate Action Week in July 2019; showcasing London's role as a global hub for organisations driving climate action.

E3G is celebrating its fifteen-year anniversary in 2019. We are proud to have received recognition for our work in areas like gaming investment pathways for the Oil Majors, and to have been voted for the past three years the fifth most globally influential environmental think tank. But it is increasingly clear to us that we will need to change what we do profoundly in order to play a full part in helping deliver the Paris goals. As a result, E3G is carrying out a fundamental strategic review of what we do and where we do it. We look forward to sharing our new strategy publicly in 2020.

E3G's distinctive logo has been the source of praise, conversation and confusion ever since our foundation in 2004. The concept of the logo stems from the fundamental insight E3G took from the novel Howard's End: "only connect". The need to better align and connect organisations and individuals in order to drive change at the pace needed to solve the climate crisis. As you look at the logo the triangles resolve into different "flocks" or "arrows" moving together in overlapping and shifting directions. The design aims to show the fluid and evolutionary approach needed to build coalitions for change and embed them inside reformed institutions.

As Jean Monnet (nearly) said "To make change you need people. To sustain change you need institutions".

About

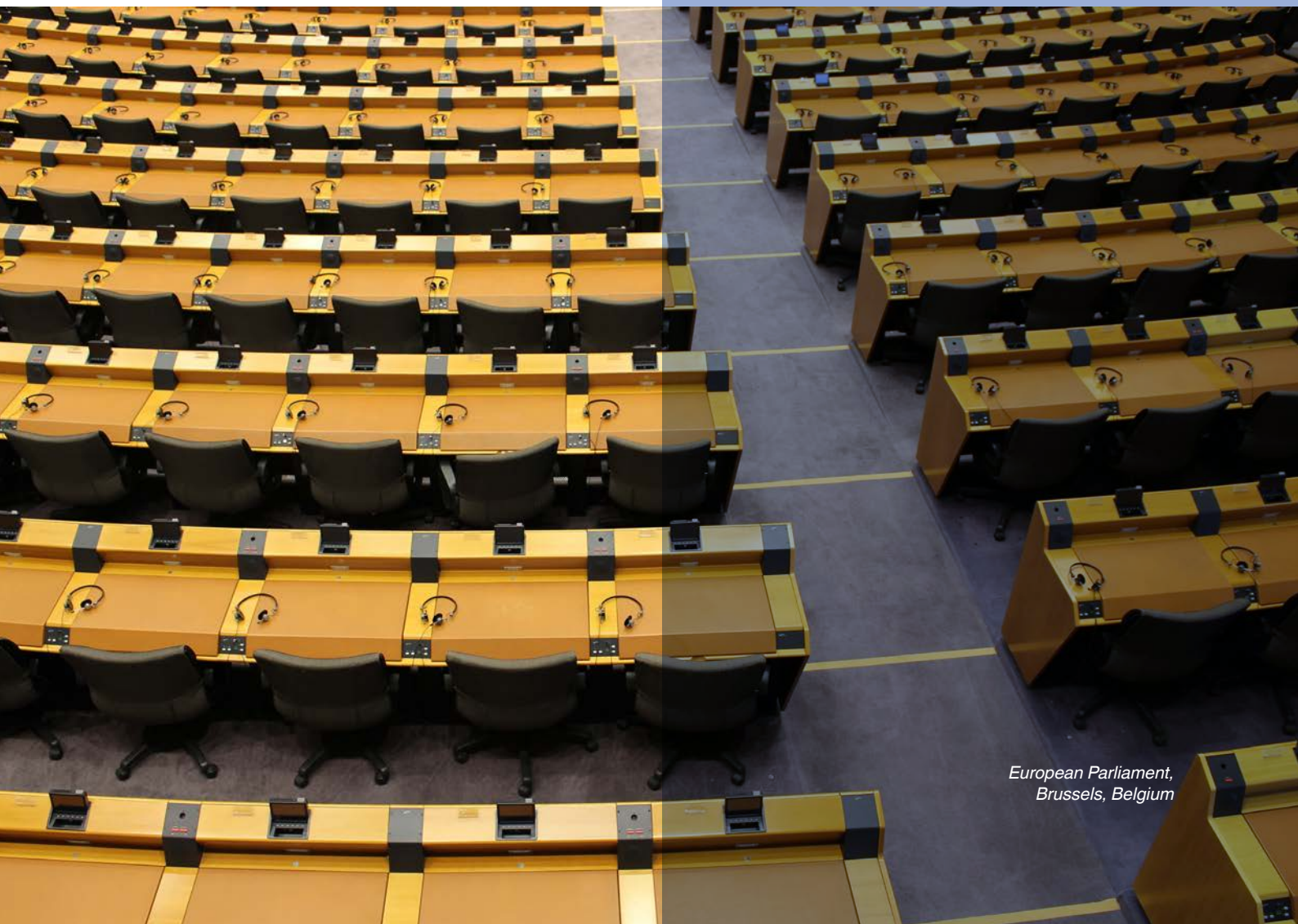
E3G is an independent think tank operating to accelerate the global transition to climate safe economies and societies. We are experts in climate politics, energy policy, sustainable finance, climate diplomacy, risk and security and the global fossil transition.

E3G builds cross-sectoral coalitions to achieve carefully defined outcomes, chosen for their capacity to leverage change. We work closely with like-minded partners in government, politics, business, civil society, science, the media, public interest foundations and elsewhere.

In 2018, for the third year running, E3G was ranked the fifth most globally influential environmental think tank. E3G operates around the world with offices in Berlin, Brussels, London and Washington. D.C.



*Capitol Building,
Washington D.C., USA*



*European Parliament,
Brussels, Belgium*

Our work

Climate change is a unique problem. Preventing catastrophic climate system destabilisation requires global economic transformation to net zero emissions by 2050. We cannot afford to change at the pace human societies and institutions are normally comfortable with because winning late is losing.

E3G was established specifically to develop new ways of driving the pace of change to meet ecological limits. Our focus of work is on how human systems change to do what is necessary rather than what they perceive as “possible”. We work to build a deep understanding of how specific political venues, economies, institutions and societies need to change in order to deliver the necessary climate action. We then work with others to align the right mixture of political, technical, economic and public actors to make these changes happen.

E3G does the politics and policy together to deliver transformational outcomes. To deliver this E3G carries out four key types of activity:

- **Strategic Analysis:** E3G produces long term scenario analysis of critical climate actions to identify key risks and opportunities for driving change. This informs the development of E3G’s work and supports aligned organisations in developing their future priorities.
- **Political Analysis and Assessment:** E3G undertakes deep analysis of the underlying political economy of climate action in countries, sectors and major institutions, and performs real time assessments of the shifting global landscape of climate politics.
- **Coalition Building and Diplomacy:** E3G convenes and animates coalitions of actors – governments, businesses, public institutions and NGOs – to support and advocate for transformational change. E3G helps broker mutual understanding and shared solutions between and within governmental and non-government actors.
- **Institutional Innovation and Reform:** E3G designs practical and transformational institutional solutions for delivering climate action and works with stakeholders to deliver the legislative, financial, regulatory and structural changes to implement them.

E3G’s mission is to deliver outcomes in the world not just reports. Much of what we do is behind the scenes in the nuts and bolts of shaping change and engaging in specific processes. E3G believes that shaping public and political debates is a critical part of success.

In 2018 E3G published 15 major reports, along with well over 60 briefings, blogs and consultation responses. E3G regularly appears in print and broadcast media in Europe and globally. Our organisation, as well as our staff, also have a strong and lively social media presence.



E3G’s Chairman Tom Burke appears on BBC News

Key impacts

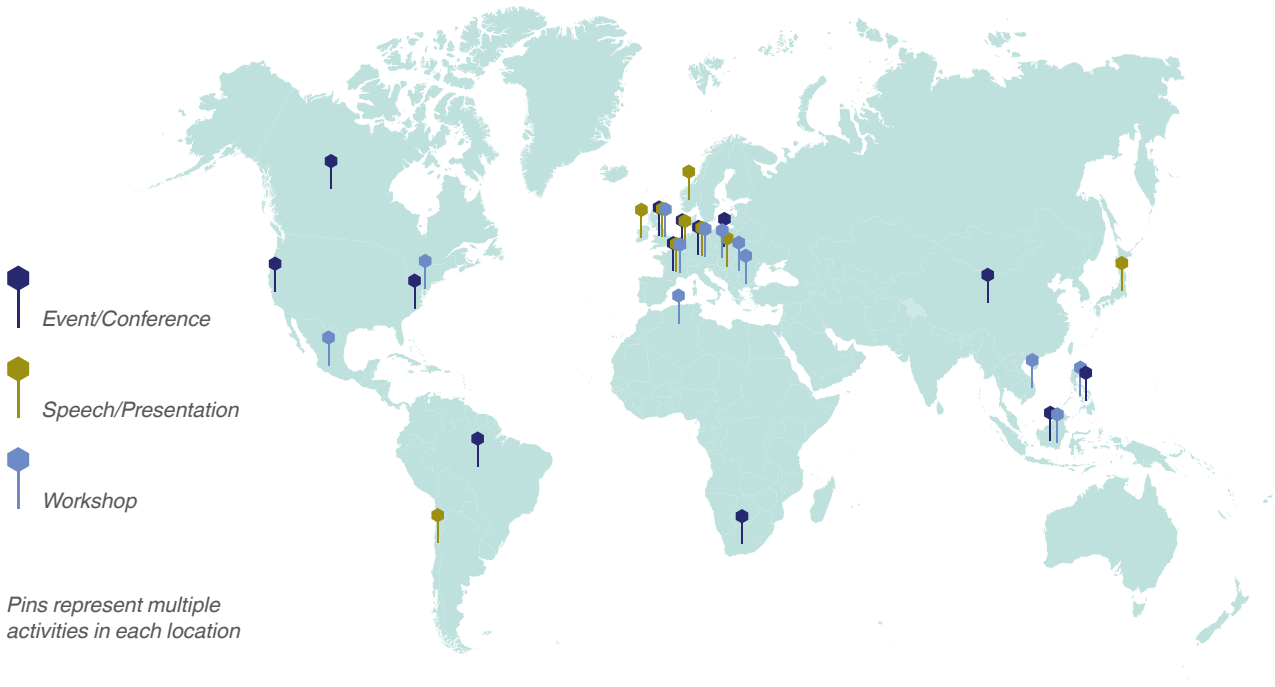
The last year was a transitional year for E3G as major legislative processes in the EU came to conclusion and the process of developing the EU's forward agenda began. The global climate debate began pivoting away from containing the impact of Trump to accelerating real economy change and building political momentum towards raising country mitigation commitments at the next "Paris Moment" in 2020. Some highlights of E3G's work include:

- Playing a critical role in delivering major outcomes in the EU Clean Energy Package, including securing strong governance systems and de facto increasing the 2030 EU greenhouse gas emissions target to 45%.
- Playing a pivotal role in delivering an ambitious EU Sustainable Finance Action Plan and UK Green Finance Task Force Report outlining reforms to create a more sustainable financial system, including convening stakeholders to push for more ambitious reforms.
- Building a new climate security mechanism to inform UN Security Council decisions and broad UN system reform; in partnership with the Swedish Government and the Stockholm International Peace Research Institute.
- Stimulating climate reforms from major Multilateral Development Banks (MDBs) with our first MDB Climate Performance Index and expanding the scope of this analysis to the largest public banks investing into South East Asia.
- Substantially expanding the E3G-designed Powering Past Coal Alliance (PPCA) to include over 30 country members and 22 sub-national government members.
- Working with partners, based on our multi-year work in coal and lignite regions across Europe, to ensure just transition issues are fully embedded in EU budget deliberations.
- Leading the coalition that successfully influenced the UK National Infrastructure Commission to propose an additional £500m per annum for energy efficiency retrofitting.
- Shaping the design on future carbon energy systems by working with Innovate-UK and Energy Systems Catapult to secure £104 million of UK government innovation funding to demonstrate E3G-designed New Energy Zones.



Senior Policy Advisor
Camilla Born briefs
international media
at COP24, Katowice,
Poland

Convening



E3G's global influence: we have a strong track record of convening strategic partners, coalitions and networks from around the globe to speed up the global transition to a low carbon world.

The impacts of climate change are no longer isolated to projections or far off places. From forest fires in Southern Europe to raising sea levels in island nations across the South Pacific, climate change is impacting everyone. All aspects of our lives will be touched by a changing climate, with the most vulnerable bearing the brunt. E3G work strives to harness the necessary thinking, skills and people we need to combat the risks to our security.

E3G has a strong track record of convening strategic partners, coalitions and networks from around the globe to speed up the global transition to a decarbonised world. In 2018 our activities took us from the European Parliament to Climate Week NYC, the UNFCCC talks to the Multilateral Development Bank's annual meetings in Washington, DC and beyond.

At E3G we believe the only way to tackle the scale and scope of climate action is by working together across sectors. E3G collaborates with existing coalitions like the Climate Action Network and specialises in helping to align multiple – and often unusual - stakeholder groups to accelerate the transition to a net zero carbon Europe and beyond. In Europe we have been proudly working with the

Association for German Nature Conservation (DNR) for many years. In 2018 we helped establish the EU Step Up Now campaign of leading cities and businesses. We coordinate with partners across Europe on the 'Clean Energy for All Europeans' package, the European long-term climate strategy, the EU transition away from gas, reforming the European state aid framework and shaping the next EU budget. E3G has built strong networks with NGOs across Central and Eastern Europe in working to address just transition issues and build new coalitions on clean energy.

E3G has expanded its partnerships over the last year beyond our traditional venues of the European Union and international climate diplomacy. E3G is working with national coal campaigns globally through its new Coal Diplomacy Unit and as part of the Kigali Cooling Efficiency Program has established a new team to support the delivery of efficient, clean cooling in major emerging economies. E3G is working with shareholders and stakeholders in the MDBs to support their commitment to align with the Paris Agreement. E3G has also been working with local organisations, and external public and philanthropic funders, to identify high impact opportunities for shifting clean energy investment into South East Asia.

Partnerships and networks



Researcher James Hawkins meets local business actor Solar BK in Ho Chi Minh City, Vietnam.

In 2018, E3G was a proud member of:

- Climate Action Network Europe + International
- Climate Security Working Group-International
- Coalition for Energy Savings
- EU High Level Expert Group on Sustainable Finance
- European Alliance to Save Energy
- German Security Council
- Greener UK
- Klima-Allianz Deutschland
- MISTRA Geopolitics Consortium
- OECD's Centre on Green Finance and Investment
- Powering Past Coal Alliance
- SIPRI's Expert Working Group on Climate-related Security Risks
- Shifting Financial Flows to Invest in Low-Carbon Development in Southeast Asia
- UK Green Finance Initiative

Innovations

The world cannot maintain climate safety without radical change. Technological innovation has accelerated in the last decade giving us the tools to achieve affordable, net zero carbon economies. Innovation is now needed in political systems, governance, regulations, markets and policies to deploy these solutions at the necessary pace and scale.

E3G has delivered a wide range of new innovations over its history, from Low Carbon Zones in China to creating the UK Green Investment Bank. The last year saw this tradition of pushing boundaries deliver new solutions in our finance, energy, security and politics work.

E3G and the University of Oxford Sustainable Finance Programme won the prize for best ‘pedagogical innovation’ for our “Oil Majors” simulation game. This innovative gaming platform allows players to compete in designing investment strategies for realistic international oil company “types” to 2040 against (unknown) climate action scenarios. It has provided critical insights into the robustness of oil and gas companies claims to have developed “Paris compliant” business plans.

Last year E3G launched our new Political Economy Mapping Methodology (PEMM) in six countries; Vietnam, Indonesia, the Philippines, Bulgaria,

Romania and Slovakia. The approach is being further developed to deepen analysis of areas such as financial system and land use politics. As part of the release of our new PEMM tool we designed a political economy module with Imperial College London for a new Massive Online Open Course (MOOC) on power sector decarbonisation.

E3G works extensively on shifting global finance and financial flows to resilient, zero carbon investments. In March 2018 we published our first-ever index of Multilateral Development Bank performance on alignment with climate change objectives. Public development banks like the World Bank are critical investors and advisors in emerging economies and so critical to delivering the Paris Agreement. The Index was met with great interest and some helpful controversy. E3G believes the index, which we plan to refresh in 2020, has helped shift the debate on public bank climate reform onto a more transparent and evidence-based basis.

E3G has been working to shape the EU’s research and innovation programme (Horizon Europe) in support of decarbonising the energy system. E3G has been using our past work on “low carbon zones” in China and “new energy zones” in the UK to propose the design of a mission-based innovation programme for supporting carbon-neutral cities across Europe.

Deputy CEO Shane Tomlinson accepts The French Social Investment Forum & UN Principles for Responsible Investment award in Paris, France.



Moving Forward

2019 marks E3G's 15-year anniversary. From a small start-up based in London's Science Museum we are now an international network with four offices and staff in many more locations. E3G is well established as a global actor on climate change and for three years in a row has been voted the fifth most influential global environmental think tank in the University of Pennsylvania's "Global Go To Think Tank" Index.

E3G is by design situated at the frontier of climate action and often acts as a "pathfinder" developing new approaches which others scale up and implement. As the climate crisis deepens, and the process of decarbonisation spreads to more sectors and larger numbers of countries, E3G will need to change too. We are currently taking the time to review and develop a strong, new strategy to drive us forward, sustainably, for the next five to ten years. This process involves internal reflection and extensive consultation with key partners on the challenges and opportunities ahead, and how best E3G can play its role in the climate change "ecosystem". We expect to have a new strategy to publicly announce in early 2020.

However, we are not waiting for the conclusion of the strategy process to branch out into new areas. In the European Union we are increasing our focus on the fundamental transition challenges facing the gas sector and energy intensive industries.

Globally we are increasing our focus on the geopolitics of the climate transition, including as a partner of the MISTRA Geopolitics Consortium. We have recently completed research on the geopolitical implications of shifting to electric vehicles for the Eurasia region.

E3G is working closely with the UK government to support the resilience track of the UN Secretary General's Climate Summit in September 2019, with the intention that this will be a springboard to reframe and accelerate the global debate on resilience and adaptation.

E3G will also be increasing its work on sustainable infrastructure regulation, complementing our financing work in this space, and aims to cooperate with others to address the disturbing shrinking of democratic space over climate-related decisions around the world.

Finally, in 2018 E3G successfully proposed to the Mayor of London that he should support the first ever London Climate Action Week (LCAW 2019), to be held from 1-8 July 2019. The announcement has been met by enormous enthusiasm by London-based organisations and well over 100 events are planned for the week. These will showcase London-based organisations' global expertise and action on climate change solutions and aims to mobilise London's world-class cultural institutions and diverse communities around new ways to inspire and motivate climate action.

E3G will be hosting a full programme of events at LCAW 2019 to showcase our work and convene critical debates about the future directions for climate action.





Pedro Guertler discusses the new Kigali Cooling Efficiency Program at the platform launch in Kigali, Rwanda.



Governance

E3G is an international mission-based, non-profit network of organisations comprised of four entities.

We are established in the UK as a not-for-profit company limited by guarantee and in Belgium as a not-for-profit association (ASBL). In Washington, DC, E3G is a private company with 501c3 tax exempt status. E3G is established in Germany as a not-for-profit company of limited liability.

2018 welcomed our new non-executive board member, Marie C. Donnelly. Throughout her thirty-year career in the European Commission, Marie has been a leading advocate of future oriented policies and strategies. Marie is now based on Ireland undertaking a variety of activities on clean energy and sustainability. E3G is pleased to welcome Marie and looks forward to the valuable expertise she brings with her.



E3G is pleased to welcome Marie C. Donnelly as our latest non-executive board member

E3G's Board of Directors



Nick Mabey
Co-founder & Chief Executive Officer



Tom Burke
Co-founder & Chair



Shane Tomlinson
Deputy Chief Executive Officer



Martin Rands
Non-executive Director



Jonathan Gaventa
Non-executive Director



Marie C. Donnelly
Non-executive Director

Offices and staff

E3G has over fifty staff members across four offices as well as senior associates working around the world in Italy, Hungary, Denmark, Holland, South Africa and Japan.

Staff hail from around the globe with many E3Gers holding dual-nationalities. Languages at E3G include Arabic, Danish, Dutch, English, French, German, Hungarian, Italian, Polish, Portuguese, Spanish and Turkish.



E3G Brussels



E3G Berlin visits an inactive coal digger in Lusatia, Germany

Offices and staff



“My favourite thing about E3G is the opportunity to work on a daily basis with some of the smartest, most inspiring people I’ve ever known. The focus on strategic action and transformational change - in Germany, in the EU and globally - gives me the satisfaction of seeing our work result in real changes, not just glossy reports.”

Jennifer Tollmann,
Policy Advisor



“I’m honoured to be a Senior Associate of E3G and to be a part of its journey as it grows and evolves to become one of the most influential energy and climate related-think tanks in the world. E3G’s strategic and holistic approach to problem solving reflects today’s need for solutions targeting complex global, regional and national challenges that straddle socio-political-economic and environmental systems.”

Sandrine Dixson-Declève,
Senior Associate

“E3Gers work at the interface between research and advocacy, which both makes our work extremely stimulating and means we have an outside impact.”

Dileimy Orozco,
Policy Advisor



“E3G is a fantastic collection of smart and committed people. Our focus is on having a tangible influence. You can witness that in EU circles because that’s how we stand out from the crowd.”

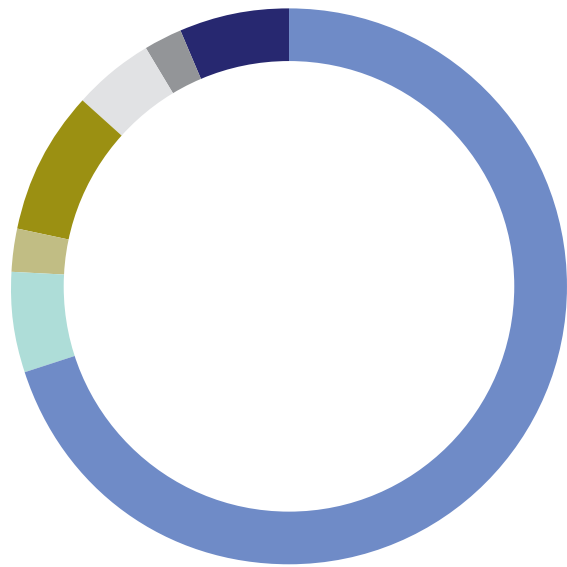
Quentin Genard,
Senior Policy Advisor

Funders and finance

E3G has continued to grow its activities inside and outside Europe in 2018. As global climate action increases the balance of E3G activities is expanding in geographic scope. Our work is now approximately balanced between activities inside Europe and work in international institutions and non-European countries.

Project and overhead expenditure

- Project Staff
- Project Travel
- Project Other
- Overhead Staff
- Overhead Rent
- Overhead Travel
- Overhead Other




Geographic regions of influence

- European Policy
- UK
- Germany
- Global Policy
- Japan and Korea
- Central & Eastern Europe
- Far East Asia
- Canada



“E3G has an impressive track record of engaging with the political system, using high quality thought leadership to push for ambitious action on climate change and the transition to a climate safe world. They are capable of working with a wide range of actors, to translate innovative ideas into practical and implementable solutions for decision-makers across Europe and internationally.”

Alexander Ege
Programme Director
KR Foundation



“E3G has a solid track record of innovative policy and new thinking on climate and the transition to net zero. They bring a distinctive and invaluable approach to thinking about the world’s most pressing environmental problems which benefits policymakers and the whole environmental movement.”

Justin Johnson
Director, Climate
Children’s Investment Fund Foundation

Funders and finance

E3G gratefully acknowledges funding from the following:

Bristol Council
Children's Investment Fund Foundation
Climate Investment Funds
Climate-KIC
ClimateWorks Foundation
Clingendael Institute
Delegation of the European Union to the United States
Department of Business, Energy, and Industrial Strategy, UK
Department of Environment and Climate Change, Canada
Environmental Funders Network
Esmée Fairbairn Foundation
European Climate Foundation
European Commission
Federal Foreign Office, Germany
Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, Germany
Fredrick Mulder Foundation
Friedrich Ebert Foundation
German Environment Agency, Umweltbundesamt/UBA
Growald Family Fund
Heinrich Böll Foundation
ICF Consulting Ltd
International Consortium of World Wildlife Fund
International Visegrád Fund
Kestrelman Trust
KR Foundation
Mistra
National Geographic
Oak Foundation
Rapid Response Fund
Royal Society for the Protection of Birds
The Finance Dialogue
Trust for London
Stockholm International Peace Research Institute
UN Office for Disaster Risk Reduction



This project has received funding from the European Commission through a LIFE grant. The content of this report reflects only the authors' views. The Commission is not responsible for any use that may be made of the information it contains.



There is an increasing realisation that the barriers to effective climate action are political and institutional, not financial or technical. This makes E3G's core skills of strategic thinking, political analysis, climate diplomacy and coalition-building more critical than ever.

