

PARIS ALIGNED EU EXTERNAL ACTION
**FOR A CLIMATE JUST
WORLD FOR ALL**

DECEMBER 2021





BY THIRD GENERATION ENVIRONMENTALISM – E3G

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PART I

EXECUTIVE SUMMARY AND POLICY RECOMMENDATIONS

COP26 sounded the alarm at the insufficient pace and scale of climate action in the 2020s to keep warming below 1.5°C and address inevitable climate impacts. The Summit came at a time of low levels of trust and confidence between countries after failures to mobilise solidarity on COVID vaccines and finance for economic recovery during the pandemic. This was exacerbated by under-delivery by developed countries on their Paris Agreement promises to reduce emissions and mobilise finance for least developed and more vulnerable countries to address climate change.

The decisions taken at COP26 that have the potential to see countries closing these gaps – regular ministerial events checking-in on faster emissions cuts this decade, a decision to double collective finance for adaptation, and opening a dialogue on addressing the support needs for loss and damage. However, they have barely nudged the trust deficit. **Without game changing cooperation we will not be able to close the gaps to a safe and climate-just world for all this decade.**

The diplomatic dance over including references to phasing out coal and fossil fuel subsidies in the final hours of COP26 highlighted that many emerging economies – including India – do not yet feel in a position to do significantly more this decade. Meanwhile, small island nations made clear that they would no longer accept inaction and a lack of support in dealing with devastating climate impacts in the future.

The key barrier to further, faster action this decade is the lack of financial and technical support for green, resilient and just transitions mechanisms to mobilise the trillions in public and private finance needed for the 1.5°C transition.

While the USA and China came together in the final days of COP, after weeks of a media ‘blame game’, their agreement shows that while they will choose cooperation in multilateral spaces, the G2 cannot be expected to form the basis of high-ambition action this decade. Simply put, cooperation on the scale needed to tackle the climate crisis this decade will not be driven by the two superpowers.

Looking towards this critical decade, European diplomacy has the potential to help bridge the trust, confidence and finance gaps, if cooperation and climate-just approaches are at the centre of EU external action.

WHY NOW - KEY FACTS



2.7°C

Emissions gap

If fully implemented, net-zero and 2030 climate targets put the world on track for a global temperature rise of 1.8°C. However, in the absence of these being translated into laws and regulations, current policies leave the world on a path to 2.7 °C of warming.

(CLIMATE ACTION TRACKER 2021)



216 M

Climate displacement

In 2020 climate-related impacts caused three times as much displacement as conflict and violence.

(Al Jazeera, 2020)

216 million people are expected to be displaced within their countries by 2050.

(GROUNDSWELL WORLD BANK 2021)



\$1 tn

Climate finance gap

Emerging and developing economies will need up to \$1 trillion per year for clean energy transition by 2030.

(IEA, WEF & WORLD BANK 2021)

In 2020, rich nations fell \$20 billion short on their promise to provide \$100 Billion per year to the Global South and are set to only meet their annual commitment as of 2023.

(OECD 2021)



21 STATES

Petro-states at risk in low carbon future

21 of 40 petrostates are projected to lose substantially more than 60% of revenues over the next twenty years. 400 million people live in the 19 petrostates most vulnerable to fiscal instability in a low carbon scenario.

(Carbon Tracker 2021)



X5 FINANCE

Adaptation finance gap

The costs of adapting to climate change in developing countries are at least five times greater than current public finance for adaptation.

(UNEP 2021 ADAPTATION GAP REPORT)



\$132 bn

Investment in climate

China Development Bank has invested about \$132 billion in climate (IDFC 2019) compared to about \$21.7 billion for the European Investment Bank and around \$5 billion for the EBRD

(2020 JOINT REPORT ON MDBS' CLIMATE FINANCE)



EU 27

Uneven climate vulnerability within the EU

Climate change will impact all EU member states, but Southeastern and Southern Europe will be hotspots of climate impacts, creating a cohesion risk for the EU.

(EEA 2016)



No. 1

Public opinion support

European citizens now identify climate change as the single most serious problem facing the world

(2021 Eurobarometer)

The 2022–2025 period is the critical time to influence investment decisions for the rest of the 2020s – the decade that will decide whether climate safety can be regained for all. Right now, rather than a 45% reduction in emissions from 2010 levels by 2030, as prescribed by the Intergovernmental Panel on Climate Change, just after COP26 we are still on track for a rise in global aggregate emissions. With a majority of those emissions in countries where public engagement is less able to drive policy change than it has done in Europe, it will be essential to deploy all the diplomatic tools at the EU’s disposal to bridge the gap. **As a global actor, the EU can play a key role not just in deploying its external action to drive transitions and resilience in other countries, but also in driving reforms to make its external action fit for a climate-changing world, for tackling loss and damage and adaptation, and for doing the above in a gender-sensitive way. The EU is also well placed to make sure the objectives go hand in hand with increasing respect for human rights.**

If the 2020s are really to be the decade of delivery, we cannot wait for marginal improvements to EU external action. By 2030, the EU’s current 8% share of global emissions is projected to decline by 41%¹ in a context of rising global emissions². If we do not have diplomatic capacity to deal with the growing adaptation pressures, losses and damages and manage the global just and green economic transition, we will lose the ability to shape and accelerate global action.

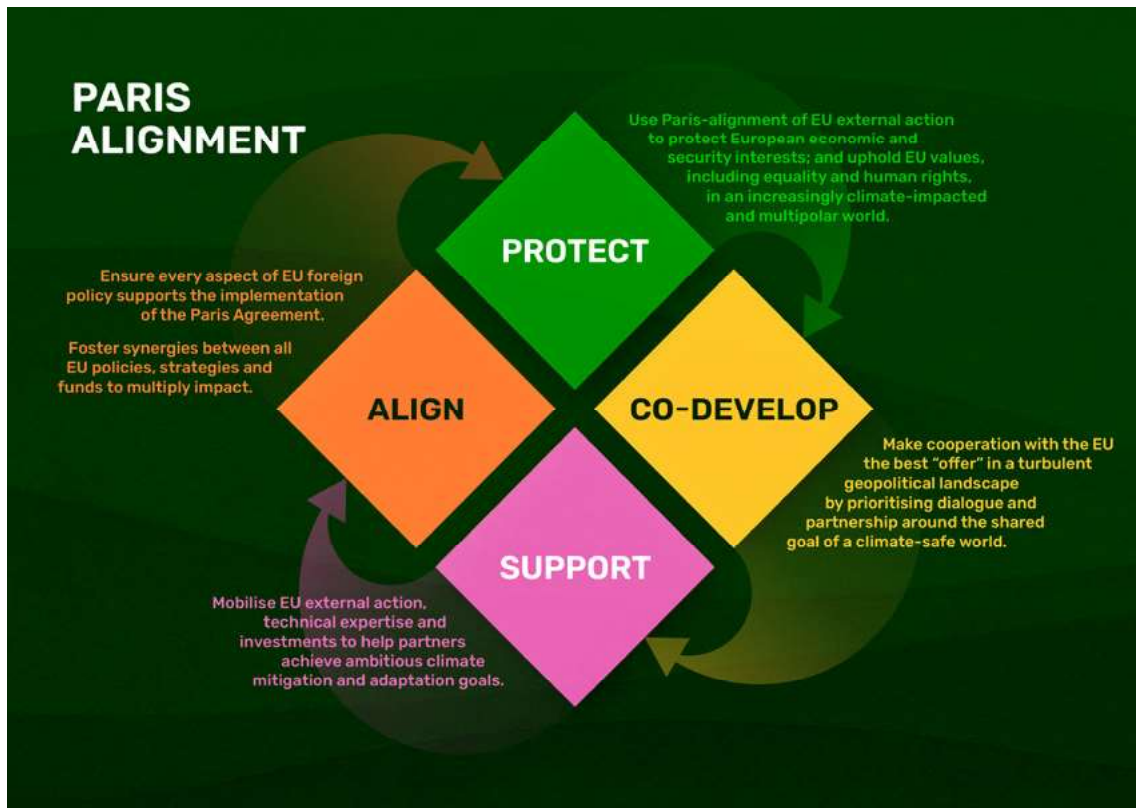
Both the USA and China are integrating climate into their foreign policy structure – but with a strong focus on self-interest. This study sets out a European alternative – one that cares about a climate-just world for all.

COP26 signalled a new political focus by European leaders behind the need to reform the wider international system – particularly the development system – to better build resilience and support climate transitions. This is a foundation to build upon.

1 European Environmental Agency (2021) Total greenhouse gas emissions trends and projections in Europe, 18 November. <https://www.eea.europa.eu/data-and-maps/indicators/greenhouse-gas-emission-trends-8/assessment>.

2 United Nations Framework Convention on Climate Change (2021) Nationally determined contributions under the Paris Agreement: Synthesis report by the secretariat. FCCC/PA/CMA/2021/8. Glasgow: UNFCCC. https://unfccc.int/sites/default/files/resource/cma2021_08_adv_1.pdf.

To build a truly positive European offer and engagement strategy for a climate-just world requires work across four reinforcing pillars, as follows:



While marginal action across these pillars would be a step forward, what is needed this decade is transformational action. As such, we propose a three-year 'Fast Start' revamp of climate in the EU's foreign policy. This Fast Start programme aims for rapid acceleration of capacity and structures to enable the EU to make a difference in the decade of delivery – and to have EU diplomacy in place to align, protect, co-develop and support ahead of the next Paris ambition cycle in 2024/25.

3-YEAR 'FAST START' PROGRAMME FOR PARIS-ALIGNING EU EXTERNAL ACTION

Align

- ✓ "Climate Corps": Significantly increase EU diplomatic capacity to match the growing priority of climate action. Including 'climate certifications' training and more dedicated staff.
- ✓ An EU "Climate Implementation envoy" would coordinate the delivery of a 'Fast Start Programme' and engage at the Ministry of Economy and planning-level in the co-development and resourcing of green, resilient, and just development pathways with EU partners.
- ✓ Leverage Parliament's budgetary oversight to ensure EU resources support climate efforts, including through an annual "State of External Climate Action" report.
- ✓ Establish a regular dialogue on the progress of the "Fast Start Programme" between EU27 foreign affairs, environment, development, and trade/ economic ministers to facilitate joined-up action.

Make the "Global Gateway" initiative the beacon of a positive European offer to co-develop just, green and resilient recovery and development pathways

- ✓ Establish and staff a central "Global Gateway" hub under the "Climate Implementation Envoy" as a forum for dialogues with partners, focused on co-developing green and resilient economic transition pathways. Additionally, it could support partners in accessing and mobilising resources (funds and technical expertise) to implement these.
- ✓ Invest as much in green transition abroad as at home (currently 30% of EU budget, or €360 billion).
- ✓ Leverage the experience of the European Investment Bank and European Bank for Reconstruction and Development in engaging regional and local public banks.
- ✓ Integrate human rights and gender equality considerations into co-development dialogues, as well in due diligence processes.

Co-develop

Support

Mobilise the “Global Gateway” initiative as the main vehicle for aligning support and engagement with key partners and regions

- ✔ Support access to funding for green and resilient transition and recovery in major emerging economies (Indonesia, India, Vietnam, South Africa).
- ✔ Work with least developed and middle income “petro-states” to invest in green and resilient development pathways. Focus on partners in the EU Neighbourhood, the Eastern Mediterranean and Africa. Engagement should consider peacebuilding and managing risks around climate impacts, fragility, fiscal vulnerability and social tipping points.

Prioritise resilience and adaptation across development, foreign, security and humanitarian aid action – and invest accordingly

- ✔ Consistently address climate in the EU Strategic Compass, prioritising foresight capability on climate risk.
- ✔ Lead the way in equal public finance for adaptation as mitigation and get behind making global financial architecture (i.e. IMF, MDBs) fit for investing in resilience.
- ✔ Engage Africa-Caribbean-Pacific partner countries around joint diplomatic priorities in international fora.

Address gender equality, human rights, development and climate as interlinked objectives in EU external action – and earmarking EU funds for cross-cutting projects

Leverage trade relations and EU economic diplomacy to build a climate-ready international economic system:

- ✔ Deepen transition dialogues (and climate risk dialogues) with G20 major fossil producers (Saudi, Russia, Turkey, China, USA).
- ✔ Leverage joint alignment and market power with G7 allies to accelerate deployment of green technologies and align .
- ✔ Navigate the complexity of the EU-China relationship. Cooperate on areas of joint interest (i.e. common green finance standards), particularly in multilateral venues like the G20, while preparing for competition and building due diligence partnerships.

Protect