



European
Commission

FINANCE FOR CLIMATE

EU GCCA+ The Alliance for a changing world

#GCCAPlus #EUClimateAction #EUGreenDeal

2021

KEY ISSUES

Globally, climate-resilient, low-carbon growth requires a massive **shift of capital from high to low-carbon economic growth models**. The Intergovernmental Panel on Climate Change (IPCC) 2018 Special Report estimated that between USD 1.6 trillion and **USD 3.8 trillion annually** needs to be invested between 2016 and 2050 in energy generation alone, to put the world on track to a 1.5° C future. Since 2014, the **Biennial Assessment and Overview of Climate Finance Flows** has defined climate finance as “financial resources dedicated to adapting to and mitigating climate change globally, including in the context of **financial flows to developing countries**”. There is, however, no single global agreement on how to define or quantify climate finance.

COP26 **Glasgow Climate Pact** in November 2021 called for “developed country Parties to **at least double their collective provision of climate finance for adaptation** to developing country Parties from 2019 levels by 2025.” The green transition could be made irreversible if governments seize the opportunity to **align COVID-19 recovery with scaled-up climate finance**.

EU GCCA+ ACTIONS

All EU GCCA+ actions are considered EU climate contributions in the context of Official Development Assistance (ODA). On top of this, EU GCCA+ actions with a focus on improving climate finance are implemented in **49 countries**, and in 50% of the programme’s portfolio. They include support for **climate change mainstreaming of public budgets** and the development of frameworks for public climate expenditure. Actions include institutional strengthening and capacity building for **better sourcing of international climate finance** from existing climate funds (like the Adaptation Fund or the Green Climate Fund), and from the donor community.

EU GCCA+ programmes contribute to **mobilisation of public and private domestic funding** for climate action, and development of specific domestic mechanisms for climate funding (trust funds, grant schemes, insurance schemes). Support is also directed to developing financial incentives to promote the use of **low-carbon technologies** or financial framework for **Nationally Determined Contributions (NDC) implementation**.

New budgets for climate vulnerability in Cambodia

Cambodia increased its budget for climate change resilience to about EUR 750 million, a four-fold increase over previous years. This reflects the country’s awareness of the impacts caused by climate change and its efforts to rehabilitate flood-damaged infrastructure, find solutions for drought-affected farmland, and to support affected households. In Cambodia, the Climate Economic Growth Impact Model (CEGIM) and other instruments including the Climate Change Strategic Plan (CCSP), Climate Change Financing Framework (CCFF) and the sectoral Climate Change Action Plans (CCAPs), were directly supported by the EU-funded Global Climate Change Alliance (GCCA).

See the full story on gcca.eu/stories



Flooding in Cambodia, Kompong Khleang village photo by Kimlong Meng © EU GCCA+

THE GLOBAL CONTEXT

EU commitment to Climate Finance

An objective of the [Next Generation EU 2 trillion EUR](#) recovery plan is to make the green transition irreversible. The package prioritises [climate neutrality and digitalisation](#). On the back of a pathway already mapped in the [EU Green Deal](#) and the 2021 State of the Union #SOTEU (4 billion euros for climate finance until 2027), it [sets a model for COVID recovery](#), and seeks to mobilise partners towards a sustainable path of regulatory work, green investments, budget support, green budgeting and procurement, fiscal reforms, research and innovation, education, diplomacy, and engagement with the private sector. The [EU Taxonomy for Sustainable Activities](#) establishing a list of environmentally sustainable economic activities plays an important role in implementing the European Green Deal.

In line with this, the [Neighbourhood, Development and International Cooperation Instrument](#) (NDICI) includes a target to spend 30% of its 2021-2027 budget on action supporting climate objectives.

International Developments

The COVID-19 pandemic has opened up a new path for development finance – institution-led public-private-sector collaboration. The [Green Climate Fund's](#) (GCF) private sector facility with its 100 million USD [Energy Access Relief Facility](#), aims to support access to energy for 308 small and medium-sized enterprises (SMEs) from nine countries in Africa that have suffered severe liquidity constraints due to the impacts of coronavirus.

COP26 saw a record finance raising effort for the [Adaptation Fund](#) of over 350 million USD, around three times the previous highest level. Contributions to the [Least Developed Country Fund](#) reached 600 million USD.

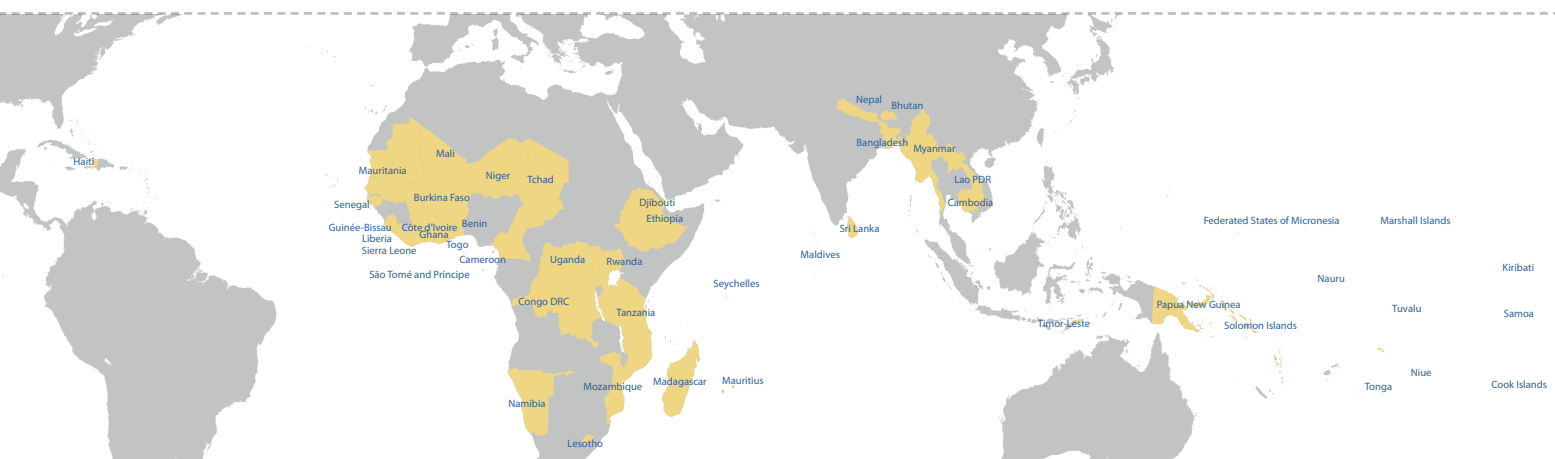
Green standards and taxonomies, such as the EU Taxonomy, the [Green Bond Principles](#), and the World Bank's National [Green Taxonomy for Emerging Markets](#) guidance, are gaining traction as tools to help direct capital towards low-carbon and environmentally safe projects. Other instruments include the [Clean Development Mechanism](#) (CDM) or the International Transfer of Mitigation Outcomes (ITMO).

EU GCCA/GCCA+ AND FINANCE

49 countries

50% of GCCA/GCCA+ portfolio

284 million euros



45 projects



20

Support for climate change mainstreaming of public budgets and management of public finance for climate action



16

Institutional strengthening and capacity building international climate finance



12

Sensitisation for increased mobilisation of public and private domestic funding for climate action



12

Implementation of mechanisms for climate funding (trust funds, grant schemes, insurance schemes)



8

Capacity building and support for participation of partner countries in the REDD+ compensation system



5

Capacity building and support for participation in the Clean Development Mechanism (CDM)/carbon markets



4

Support in developing and institutionalising financial incentives to promote the use of low-carbon technologies



3

Support in setting up a financial framework for Nationally determined contributions (NDC) implementation

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