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Mid-Term Review of the NDICI-Global Europe Thematic Programme on Global Challenges (People, Planet, Prosperity, Partnerships)

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This written feedback has been prepared by WWF European Policy Office to contribute to the mid term review process of the Global Challenges thematic programme.

Summary of recommendations:

- Provide additional funds from the MFF revision for the Global Challenges programme
- Increase financing for biodiversity protection and climate action to fulfil EU's global commitments
- Support EU partner countries' compliance with the new EU Deforestation law
- Include funding modalities for CSOs

1. Provide additional funds from the MFF revision for the Global Challenges programme

On June 20th, the European Commission [proposed a targeted revision](#) of the EU's Multiannual Financial Framework (MFF). Recognising that external action has been under severe stress since 2021 and that the EU budget is not adequately equipped to enable the EU to fulfil its geopolitical ambitions, meet its global commitments and respond to unforeseen crisis, the Commission proposed an increase of €10.5 billion to Heading 6 - Neighbourhood and the World.

The budget of the NDICI Global Challenges thematic programme was significantly reduced during the NDICI dialogues in 2020. The Global Challenges programme is under-financed and has consistently required top-ups to cover its priorities from the NDICI cushion to compensate for shortfalls. Whilst part of the global challenges are financed through the NDICI geographical instruments, the Global Challenges thematic programme plays a critical role in stepping up the EU's global leadership in addressing the interlinked challenges the world is facing, from climate change and biodiversity loss to growing inequalities and instability around the globe.

The level of funding currently available for the Global Challenges programme is inadequate and may seriously jeopardise the EU's ability to deliver on its global promises and agreements and its longstanding global partnerships.

Earmarking a portion of the proposed €3 billion for the NDICI cushion (EC proposal for a revision of the MFF from June 2023) for Global Challenges programme, would ensure consistent funding for some of the EU's most effective investments, global funds and would enable the EU to respond more effectively to the worsening climate and food and nutrition crises, and meet its international climate and biodiversity protection commitments. See the [joint NGO analysis and recommendations on the MFF proposal](#).

2. Increase financing for biodiversity protection and climate action to fulfil EU's global commitments

Following the global agreements at climate COP27 in Egypt and COP15 biodiversity conference in Montreal last year, it is essential to allocate additional finance for the Planet programme to finance EU climate and biodiversity international commitments. There is no chance of meeting Paris climate objectives and the recently agreed Global Biodiversity Framework (GBF) without providing substantially scaled up, adequate and easily accessible financial, technological and capacity building support to developing countries. **Meeting financial commitments is essential for the EU to build trust in the climate and biodiversity protection regimes** and a shared commitment to the fair distribution of the global effort in confronting climate change and biodiversity loss.

The EU must provide confidence that developed countries will succeed in delivering at least \$100 billion climate finance per year. This is all important for the EU's credibility and ability to lead a constructive dialogue around the new collective quantified goal on climate finance for the post-2025 period, and achieve a shared understanding of the options available as a basis for dramatically scaling up climate finance in the second half of the decade and beyond. **The EU must significantly scale up adaptation finance** and decide to gradually increase its climate finance to support adaptation measures in developing countries. The loss and damage deal agreed at COP27 last year was a positive step and the EU showed flexibility in some key areas, especially its shifting stance towards supporting loss and damage finance. However, it risks becoming a 'fund for the end of the world' if the EU doesn't move faster **with dedicated new sources of funds to the UNFCCC Loss & Damage fund.** Finally, institutional capacity needs and technical assistance is highlighted by the fact that the NDCs of 113 developing countries list capacity building as a condition of NDC implementation. **Enhancing institutional capacity is a critical enabling condition identified by most developing countries in their NDC submissions.**

The landmark commitment to halt and reverse biodiversity loss by 2030 was agreed at the COP15 biodiversity conference in Montreal in 2022. **The EU will need to commit to a comprehensive finance and resource mobilisation strategy to generate a significant increase in funding for biodiversity protection** from all sources, including under the Global Challenges programme to support partner countries, in particular the least developed countries and small island developing states, to revise and implement National Biodiversity Strategies and Action Plans (NBSAPs).

The Global Challenges programme should also support relevant policy measures to encourage and enable private companies and financial institutions involved in the EU's investment framework for external action (EFSD+ and Global Gateway containing blending, guarantees, etc) to monitor, assess, and transparently disclose their risks, dependencies and impacts on biodiversity and report on compliance with the Global Biodiversity Framework in order to progressively reduce negative impacts on biodiversity and promote actions to ensure sustainable patterns of production and innovative schemes such as payment for ecosystem services, green bonds, biodiversity offsets and credits, with environmental and social safeguards.

Finally, the Global Environmental Fund (GEF) Council adopted the Global Biodiversity Framework (GBF) Fund modalities in June 2023 to complement existing support and scale up financing to ensure a timely implementation of GBF, taking into account the need for adequacy, predictability, and timely flow of funds. The EU should consider **redirecting financial resources in the Global Challenges budget to support the GBF Fund and to identify thematic opportunities for collaboration with GEF.**

3. Support Compliance with the EU Deforestation law

The EU approved a landmark [deforestation law in May 2023](#) to stop products to be placed on the EU market made from coffee, beef, soy, palm oil, timber and rubber if they are linked to the destruction of the world's forests. The law will require companies that want to sell goods on the European Market to produce a due diligence statement and "verifiable" information proving their goods were not grown on deforested land (risk assessment). The EU is tasked to engage in a coordinated approach with producer countries and they have to develop a "comprehensive EU Strategic Framework" for such an engagement.

The mid term review of the Global Challenges programme is a sizable and timely opportunity to redirect and mobilise technical and financial resources required to support EU partner countries to comply with the new Deforestation Regulation. **Sufficient financial and technical resources should be allocated for the implementation of the Strategic Framework to provide tailored technical assistance and funding.** Effective Strategic Framework should focus on efforts to inform and raise awareness of the Deforestation Regulation among key actors including government, small-holder producers and civil society in producer countries and create a space for multi-stakeholder dialogue. It should also set out a broad framework to guide EU action regarding supply-side partnerships to help implement the new Regulation, such as:

- tackle underlying drivers of deforestation and human rights violations, including poor governance and law enforcement, and systemic small farmer and forester poverty in supply chains
- assist producers to comply with the Regulation without creating a two-tier production model
- support the transition to sustainable agriculture and forestry, including sustainable and resilient livelihoods for the farmers and foresters involved.

4. Include funding modalities for CSOs

According to our [preliminary analysis](#) drafted jointly with Concord members, the NDICI-Global Europe (NDICI-GE) doesn't seem to have facilitated access to funding for CSOs and instead the funding modalities and accessibility have been significantly reduced. This trend has been particularly relevant for the Global Challenges thematic programme which has been almost exclusively channelled through through the 'pillar assessed organisations' such as international organisations (IOs), namely UN agencies or EU Member States (EUMS) development cooperation agencies (such as AFD, GIZ, Enabel, etc).

In order to reinstate a more productive collaboration between the EU and the CSO community in the implementation of the NDICI-GE, DG INTPA must recognise the diversity of CSOs' expertise and operational capacity and enable CSOs to contribute to all NDICI-GE geographic and thematic programmes, including the Global Challenges programme.

Specific and predictable funding allocations should be made available to civil society organisations under the Global Challenges programme, to safeguard civic space and enable CSOs' participation in the implementation of the global biodiversity, climate and green transition programmes. Many environmental CSOs have the operational and technical capacity to implement technically demanding multi-country and global programmes, as well as to carry out the research.

The EU should consider alternative funding modalities to the call for proposals for CSOs if this poses a major administrative and capacity challenge for DG INTPA. This could for example include a requirement to include CSO partners in consortia led by IOs or EU MS agencies in case of indirect management or framework contracts under the Global Challenges programme.

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