



CAN Europe's analysis of the EU's proposal for its implementation of Agenda 2030: SDGs 7, 8, 9, 12 and 13

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Climate Action Network (CAN) Europe is Europe's largest coalition working on climate and energy issues. With over 130 member organisations in more than 30 European countries - representing over 44 million citizens - CAN Europe works to prevent dangerous climate change and promote sustainable climate and energy policy in Europe.

November 22nd 2016 the European Commission published its vision for the implementation of the Sustainable Development Goals, both domestically – “A sustainable European future” – and internationally – “A new European consensus on development”.¹ The Commission's proposal should set an ambitious benchmark for the EU's actions to eradicate poverty and inequality, support people and planet centred development, and strengthen the resilience of societies from global and local challenges, including climate change. In order to realise the objectives of the Paris Agreement, Agenda 2030 and the Addis Ababa Action Agenda, **it is essential that the EU and its Member States go above and beyond existing efforts to pursue the clean energy transition in speedy and equitable manner towards 100% renewable and fully efficient societies. The EU should also enhance international support to tackle the impacts of climate change, and provide robust short- and long-term planning, monitoring and accounting mechanisms to stay on track to reaching established objectives**, with a view to scaling up its efforts.

Climate change and its impacts are among the biggest risks to economic stability and the EU's own development objectives. Structural reforms are urgently needed to better mainstream climate action and the clean energy transition in a cost-effective and whole economy scale.

This short analysis looks at the European Commission's proposal to implement measures within the EU and its neighbouring countries and weighs the proposals in the Commission paper against ***international objectives and civil society demands on climate change and energy.***

¹ http://ec.europa.eu/europeaid/commission-communication-next-steps-sustainable-european-future_en;
http://ec.europa.eu/europeaid/proposal-new-european-consensus-development_en

The analysis starts with **observations and recommendations on a number of overlapping and crosscutting issues** related to the EU's climate and energy policies, financing and monitoring. This is followed by a table that illustrates the proposals and plans made by the European Commission on relevant SDGs, and CAN Europe observations and recommendations regarding each aspect of the Commission's proposal.

In summary: After analysing the EU Commission's vision, we are worried that all proposals set out in the Commission's staff working document are re-iterations of existing policies – some of which have been adopted a number of years ago.

1) Financing: Cross-cutting financial support to deliver on each of the goal areas

Financing is addressed across the European Commission's proposal. The main policies and proposals concern EU's Structural and Investment Funds, Funding Instruments such as the European Fund for Strategic Investments (EFSI), the Connecting Europe Facility, Horizon 2020 and development and external action funds. In addition, the proposal mentions again that the EU also aims to spend at least 20% of the EU budget specifically on climate action by 2020, including green direct payments to farmers. However, both the European Commission and the European Court of Auditors have found that **the 20% climate spending target is at a high risk of being missed** if efforts are not stepped up.² The working document makes no reference to the additional effort that will be needed to meet this commitment nor does it clearly indicate how the other 80% of EU funds do not undermine EU and international climate and sustainable development objectives. The EU budget is a major driver for sustainable development, and how it is financed can also have a steering effect on Europe's sustainability.

In order to genuinely support and deliver robust and ambitious sustainable development objectives, financial support and EU funds however must:

- Align current and future conditions **and investment plans for EU funding with 2050 decarbonisation strategies and targets** which should both steer national and regional development plans within and across EU Member States. Strategies and investment plans should be crafted in light of the Paris Agreement's provisions regarding the requirement to shift financial flows towards a 1.5C scenario (Article 2).
- Integrate the **Energy Efficiency First** principle as a guiding criterion for investment plans. Adequately assess how the deployment of funds can **meet the full potential of renewable energy and the energy efficiency** through projects in Member States; this should also include transmission, storage and transport of renewable energy;
- Immediately stop funding fossil fuel infrastructure;

² <http://www.eca.europa.eu/en/Pages/DocItem.aspx?did=39853>

- Be subject to **regular monitoring and reporting** on how it is contributing to the EU's decarbonisation goal;
- Implement a more **transparent and robust climate proofing assessment** of project proposals submitted to the European Commission and on national and regional level, including whether the projects will adequately contribute to efforts to reduce overall consumption of fossil fuels, including gas;
- In order to achieve the 20% climate action benchmark the EC's centrally managed infrastructure funds (i.e. the Connecting Europe Facility) should increase efforts to **invest in electricity interconnectors while ending any funding for gas infrastructure**;
- Member States should immediately **align their Regional Development Funds with the objectives of the Paris Agreement**, in particular increasing the amounts allocated to the "shift to the low-carbon economy. The climate action in the agricultural funds needs to go beyond business as usual;
- Further **explore the role of Green Own Resources³ to help address fiscal distortions** that favour fossil fuel-powered economies and incentivise more sustainable behaviour in an equitable way. Green Own Resources can provide the EU with genuine own resources in the spirit of the Treaties and significantly reduce the share of national contributions to the budget.
- Prioritise the mitigation and adaptation objectives of the Paris Agreement in the reform of the Common Agricultural Policy; e.g. implementing stringent assessment of farming activities across the EU to **ensure that farming practices are genuinely contributing to climate action**;
- Make best use of the European Semester, i.e. opening a timely window of opportunity for urgently needed structural reforms to mainstream low-carbon economy governance and a cost-efficient energy transition at a whole economy scale.

2) Climate policy files: making EU climate and energy targets work to achieve Europe's climate objectives

The EU's 2030 climate & energy targets

In respect to SDGs 7 (*Ensure access to affordable, reliable, sustainable and modern energy for all*), 12 (*Ensure sustainable consumption and production patterns*) and 13 (*Take urgent action to combat climate change*), the proposal highlights that the EU's 2030 climate and energy framework is a sufficient contribution from the EU towards international climate action. However, the targets were crafted and agreed before the Paris Agreement was adopted. These targets therefore do not represent the highest level of ambition needed to genuinely pursue efforts to limit global temperature rise to 1.5°C. According to the latest UNEP Emissions Gap Report, even to keep temperature rise

³ <http://green-budget.eu/communicating-green-own-resources-a-new-narrative-for-the-eu-budget/>;
<http://green-budget.eu/green-taxes-as-a-means-of-financing-the-eu-budget-policy-options/>;
http://ec.europa.eu/budget/mff/hlgor/library/reports-communication/hlgor-report_20170104.pdf

below 2°C, let alone 1.5°C, all countries will need to reduce their 2030 emission levels, after fully implementing their contributions communicated in the Nationally Determined Contributions, by another 25%.⁴

In order to be properly aligned with international climate objectives and sustainable development needs, CAN Europe recommends the following:

- The EU and its Member States must immediately incorporate the outcomes of the Paris Agreement, thus increasing the EU's 2030 climate and energy targets to pursue a global temperature limit of 1.5°C;
- The EU's emissions reduction target should be increased to at least -55%, its renewable energy target to at least 45% by 2030, and energy efficiency to at least 40% by 2030;

The EU Emissions Trading Scheme and Effort Sharing Regulation:

The proposal refers to the EU Emissions Trading Scheme as a strong framework for investments in low-carbon development and as the key tool to reduce the EU's GHG emissions. The Communication's reference to the ETS doesn't demonstrate any ambition towards fixing the ETS so that it delivers faster and more effective emissions reductions;

Nor does it offer any incentive to pursue pre-2020 action through the ETS, for example through cancelling free allowances under the trading scheme.

The EU ETS urgently needs to be made for purpose. Achieving this objective will include the following key actions:

- A radical increase of the annual emission reduction to bring the ETS cap in line with the 2050 decarbonisation objective;
- The cancellation of all pre-2020 surplus allowances;
- Preventing the creation of a new surplus by adapting the post-2020 emissions budget to actual emissions;
- Ensuring full auctioning of all emission allowances;
- Ensuring all revenues are used to support climate action, including in developing countries and for helping workers and vulnerable communities to be included in the benefits of the transition.

Following suit, the **Effort Sharing Regulation** (non-ETS sector) should also increase its 2030 ambition and targets to be in line with the Paris Agreement. A higher ambition in the ESR is essential to ensure that activities in sectors such as agriculture, transport and waste management do not undermine the EU's climate and sustainable development objectives.

⁴ https://uneplive.unep.org/media/docs/theme/13/Emissions_Gap_Report_2016.pdf

3) Monitoring Progress: Strengthening the European Semester and Energy Union as tools to enhance national action

The Communication also makes numerous references to the European Semester as a sufficient tool to monitor national efforts and compel Member States to pursue ambitious reforms to enhance national climate and energy action. However, the European Semester is **currently not adequately enforcing member states' efforts** to reach their existing climate & energy targets.

In order to effectively enhance national efforts and action, we recommend the following:

- Strengthen the Semester's integration and reporting requirements for meeting national climate & energy targets up to 2020, e.g. by mainstreaming Environmental Fiscal Reform options;
- Orchestrate the Energy Union governance framework in a way that ensures EU Member States thoroughly plan and regularly monitor and update their national energy & climate plans - also with a view to scaling up ambition; for example, use the NECPs to facilitate more transparent reports of national mechanisms and policies that address fossil fuel use. This mechanism needs to build further upon the existing Monitoring Mechanism, including its climate finance reporting obligations.

Goal Area	European Commission 'Assertion'	Observation	CAN Europe Recommendation
Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all	Pre-2020 climate action: Reference to existing 2020 strategy with climate & energy targets; -20% GHG emissions, 20% RE in EU energy demand; increase energy efficiency by 20%	This commitment re-iterates the EU's existing climate and energy framework up to 2020, indicating no additional efforts between now and 2020, despite the landmark deals that were adopted in 2015. It also comes despite the wide acknowledgement by the EU that it will certainly overshoot its GHG emission reductions target.	Ambitious climate action before 2020 is essential to avoid dangerous climate change. If the EU wants to be a front-runner for climate action then it requires immediate and decisive action to improve its pre-2020 climate and energy policies. One concrete example is the immediate cancellation of surplus emission allowances under the Emissions Trading Scheme so that polluters cannot continue to pollute for free, and to prevent that overachievement of the 2020 objectives is being used to reduce the effort after 2020. Another action could be an ambitious review of the outdated Energy Tax Directive (EC/2003/96) which does not take into account the significant changes in the energy systems of Member States in the last 14 years.
	2030 Climate & Energy Framework	The current targets set out in the 2030 climate & energy package were crafted and agreed before the Paris Agreement was adopted. These targets	CAN Europe recommends the EU and its Member States to increase its 2030 climate and energy targets. That means that the EU's emissions reduction target

	<p>therefore do not represent the highest level of ambition needed to genuinely pursue efforts to limit global temperature rise to 1.5°C. According to the latest UNEP Emissions Gap Report, even to keep temperature rise below 2°C, let alone 1.5°C, all countries will need to reduce their 2030 emission levels, after fully implementing their Paris pledge, by another 25%.</p>	<p>should be increased to at least -55%, its renewable energy target to 45% by 2030, and energy savings to -40% by 2030. Such changes to the EU’s position are necessary to adequately reflect both the capability and responsibility of the EU to get in line with the commitments under the Paris Agreement. In addition: early action prevents late and high mitigation costs.</p>
<p>The role of the EU Cohesion policy in delivering the objectives of the EU’s energy policies. Specific support for low-carbon energy between 2014 and 2020, to the tune of EUR 29 billion. Other funding instruments are referenced; including the European Fund for Strategic Investments, the Connecting Europe Facility and Horizon 2020.</p>	<p>The EU’s SDG proposal makes no effort to steer the EU funds to be more instrumental and ambitious in meeting the objectives of Agenda 2030 and the Paris Agreement, particularly to limit global temperature rise and reach net zero emissions by the middle of this century. The EU funds are serving multiple partly contradictory objectives and still support high-carbon infrastructure through research and development, gas pipelines, “clean” coal and highways in locations that do not require such level of road infrastructure. The EU funds’ potential to catalyse the clean energy transformation remains largely untapped where investment is most needed: less developed regions in Central and Eastern Europe in average spent solely 7% of their EU funds on energy efficiency, renewables and smart grids.</p>	<p>The EU and its institutions need to align conditions for EU funding 2050 zero carbon climate strategies and investment plans (including an indicative milestone for 2030), particularly in light of the Paris Agreement.</p> <p>Adequately assess how the deployment of funds can meet the full potential of renewable energy and energy efficiency through projects in Member States; this should also include transmission, storage and transport of energy.</p> <p>Set out a pathway to phase out funds for fossil fuel infrastructure and incorporate conditional funding that is measured against 2050 decarbonisation targets.</p>

<p>Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>The proposal for delivering Goal 8 references the Investment Plan for Europe as well as the Capital Markets Union (CMU)</p>	<p>This section does not highlight the importance of de-coupling the EU's economic growth from tackling climate change and environmental degradation, particularly in light of the objectives towards more economic growth.</p> <p>Work within the CMU does not mention climate related risk associated with financial investments e.g. stranded assets and the EU's long-term projects.</p> <p>The European Fund for Strategic Investments, the financing/divestment pillar of the Investment Plan for Europe concentrates its clean energy investments to few large-scale projects in a handful western European countries.</p>	<p>The EU should be at the forefront of de-coupling economic growth from environmental degradation and broader inequality.</p> <p>The work within the CMU should guarantee the full alignment of private capital & investments with international climate objectives. This includes Disclosure of Environment, Social and Governance investment and engagement policies and climate stress tests for investors.</p> <p>The Investment Plan should seek to support local communities and businesses rather than large-scale projects, particularly in the field of energy production. The EU's commitment to eradicate poverty and inequality as well as its 2050 decarbonisation strategy should inform and influence on all investment plans and policies towards broader economic stability.</p>
	<p>Integrating sustainable development into the EU's structural and investment funds</p>	<p>No indication on how to ensure that this is adequately done and followed through at implementation level, particularly infrastructure projects and PPPs. Currently the 'horizontal integration of sustainable development' as required by the legislation remains a box-ticking exercise.</p> <p>Equally, no reference to Just Transition or support for regions and communities that have been heavily dependent on the extraction and production of high-carbon fuels as well as other activities that risk biodiversity loss and air & water pollution.</p>	<p>To ensure horizontal integration of sustainable development objectives and emissions reduction targets, clear and transparent criteria - based on international goals and targets - should be applied to projects and programmes that will be funded through the EU's structural & investment funds (as well as funds generated through the ETS).</p> <p>The criteria should facilitate eventual phase out of any financial support to environmentally harmful and fossil fuel intensive projects.</p>

<p>Goal 9. Build resilient infrastructure, promote inclusive & sustainable industrialisation & foster innovation</p>	<p>Modernisation of Europe’s industrial base across all industrial sectors</p>	<p>From the outset, this goal implies continuous and unabated economic growth without proper consideration of the planet’s boundaries and impact on the natural environment.</p>	<p>Any industrial policy’s aim needs to be the absolute decoupling of resource use from economic output measured in GDP. The EU needs to invest in research and development, and support innovation to ensure the optimal transition to a zero-carbon society. The EU urgently needs to address any loopholes that it has on</p>
	<p>EU strategy on adaptation to climate change</p>	<p>The EU adaptation strategy seeks to monitor and evaluate Member State progress in implementing adaptation plans. However, the strategy is not in line with international objectives on adaptation in the Paris Agreement. Equally, there is little monitoring of how the remaining 80% of funds can undermine the efforts of vulnerable sectors to limit and address the impacts climate change. The lion’s share of EU’s adaptation funding lies within the Common Agricultural Policy. The agriculture sector has shown to be lagging behind in its effort to integrate climate change (mitigation & adaptation) into its operations.</p>	<p>Given the growing vulnerability to climate impacts of key European sectors, more support will be needed to climate-proof these sectors and regions, and increase the level of climate mainstreaming envisaged in the EU’s budget. The EU’s adaptation strategy must also ensure funding for vulnerable communities and sectors that will suffer the impacts of climate change more severely. For example, poorer and marginalised communities and neighbourhoods, small-scale farmers and fishers, small to medium sized businesses.</p>

	<p>Cohesion policy focused on research & innovation and sustainable development mainstreamed at all stages of the implementation of ESIFs.</p>	<p>There is no coherent approach from Member States in this regard, i.e., No indication on how to ensure that this is adequately done and followed through at implementation level.</p>	<p>To ensure that sustainable development and climate action are properly mainstreamed at all stages of ESIFs implementation, the funds and investment plans need to be conditioned to 2030 and 2050 zero carbon climate strategies, particularly in light of the Paris Agreement. It is crucial that national projects do not end up undermining the EU’s overall climate ambition, e.g., by adequately assessing of how the deployment of funds can meet the full potential of renewable energy and energy efficiency through projects in Member States.</p>
<p>Goal 12. Ensure sustainable consumption and production patterns</p>	<p>Energy Union – eco-design legislation to contribute to energy savings.</p>	<p>No mention of phasing out environmentally harmful subsidies (including for fossil fuels) across the Union, through the various competencies; for example, the Energy Union and the EU budget.</p>	<p>Phasing out environmentally harmful subsidies, including fossil fuel subsidies, should be a pillar of action as part of the EU’s objective to enhance sustainable consumption and production across the Union and with its trading partners. The EU should set down a more concrete roadmap for phasing out fossil fuel subsidies; this includes establishing an effective carbon price that reflects the true cost of burning fossil fuels, as well as support to Member States to remove subsidies and re-direct financial flows.</p>
<p>Goal 13. Take urgent action to combat climate change and its impacts</p>	<p>EU 2020 & 203 climate & energy targets; Progress is measured through the European Semester; The EU ETS as the key tool to reduce the EU’s GHG emissions; At least 20% of the EU budget will be spent on climate action by 2020; Proposals to accelerate the low-carbon transition, covering all sectors of the economy in the EU are being negotiated.</p>	<p>For our analysis & recommendations on these areas please see our overview – Points 1 – 3.</p> <p>The section on climate change and its impacts does not explicitly acknowledge the direct contribution of European transport and agriculture to climate change.</p>	<p>Implement stringent assessment of farming activities across the EU to ensure that farming practices are genuinely contributing to climate change mitigation, and that farming sectors are adequately implementing relevant adaptation measures; The planned proposals to accelerate the low-carbon transition need to address the role and actions that need to be taken by the EU’s transport and agriculture sectors, particularly through the EU’s Effort Sharing Regulation.</p>

CAN Europe positions:

EU ETS Reform:

<http://www.caneurope.org/publications/can-europe-positions/965-post-2020-ets-reform-position>

EU ESR:

<http://www.caneurope.org/publications/can-europe-positions/1234-can-europe-position-on-the-effort-sharing-regulation-2021-30>

EU post-2020 Climate & Energy Targets:

<http://www.caneurope.org/publications/can-europe-positions/1155-can-europe-position-paper-on-post-2020-eu-climate-and-energy-targets>

EU Revised Renewable Energy Directive:

<http://www.caneurope.org/publications/can-europe-positions/1035-can-europe-position-paper-on-a-revised-renewable-energy-directive-for-the-period-after-2020>

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