



## AMBITIOUS CLIMATE ACTION AND A JUST ENERGY TRANSITION: PRIORITIES FOR EU FUNDS 2021 -2027

*Climate Action Network (CAN) Europe is Europe's leading NGO coalition fighting dangerous climate change. With over 150 member organisations from 35 European*

*countries, representing over 1.700 NGOs and more than 40 million citizens, CAN Europe promotes sustainable climate, energy and development policies throughout Europe.*

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*To meet the goals of the Paris Agreement the European Union needs to achieve net zero greenhouse gas emissions by 2040. EU funds must support the decarbonization of all sectors by developing zero-carbon processes and products, enable the just transition, establish a genuine circular economy and foster a transition towards sustainable food systems.*

Faced with the existential threat of devastating climate change impacts, we expect the EU funds to prioritise urgent action addressing the climate emergency with the aim of implementing the Paris Agreement's ambition to limit temperature rise to 1.5°C. This will in particular need a substantial increase of climate action in the short term with the aim of reducing greenhouse gas emissions to almost zero and substantially increasing the removal capacity of natural sinks within a few decades.

In particular EU Funds should be integral part of an EU Climate Urgency Plan that sets the overall level of climate ambition, ensures the transition towards climate neutrality to take place in all sectors and provides necessary financial and other horizontal policies and measures.

In particular EU funds should contribute to structural economic transformation with the aim to:

- reduce all greenhouse gas emissions by at least 65% by 2030, as compared to 1990;
- reduce greenhouse gas emissions and increase natural carbon removals so as to achieve climate neutrality by 2040;
- phase out all coal power plants by 2030;
- source 100% all of all energy from renewable sources;
- phase out the use of all fossil fuels by 2040;
- earmark 40% of the next EU budget for climate action.

The overall **EU budget climate action mainstreaming target should be increased from the proposed 25% to 40%** to provide all stakeholders the means to scale up and deliver the economywide decarbonisation, and to deliver the maximum societal benefits of this transition. The climate action target need to be binding and sectoral legislations needs to be adapted accordingly. In addition, it is important to establish a balanced financing instrument mix, split appropriately between private and public sector investment. Whereas some transformational investments require public sector grants, it is equally important to shift private sector investment strategies towards climate neutrality, and to ensure coordination of the various funding streams.

The sectoral decarbonisation objectives and according development pathways should be the starting point for all EU funds planning and implementation. The upcoming EU funds planning processes (Cohesion Policy funding, Common Agriculture Policy, HorizonEurope), and with it the strategic orientations of the underlying investment and spending plans, need to ensure a coordinated and integrated approach for the sectoral decarbonisation of the industry, transport, buildings, agriculture and forestry, including a needs assessments and tailor-shaped to the particular sectoral or geographic scope.

Priorities for EU funds 2021-2027 should thus be:

- Renewable energy generation, ensuring sustainable and ethical raw material sourcing and usage, and accordant electricity and other energy infrastructure;
- Electricity storage, smart distribution and management;
- Citizen empowerment and engagement in decentralised and democratic energy systems;
- Energy savings, energy efficiency technologies and applications in public infrastructure, buildings and housing;
- Efficient zero-emission transportation and transport systems, including for shipping and aviation, the promotion of zero carbon public transport;
- Climate-resilient, diversified and sustainable farming systems based on agroecological innovation;
- Sustainability of biomass, biomaterials and the bio-economy;
- Sustainable consumption and lifestyle -including supporting social innovation to reduce consumption;
- Resource and materials efficient circular production and consumption processes, 'cradle to cradle' technologies;
- The net-zero emission heavy industry transition, innovations in industrial process and their digitalisation;
- Exclusion of fossil fuels; fit carbon capture and storage or use (CCS/U) only, and to a limited extend, to industrial processes where zero-emission technologies are not feasible
- Enhanced and comprehensive climate mainstreaming and climate proofing methodologies ensuring the achievement of climate spending targets and the alignment of all EU funds spending with climate objectives.

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