

## Background Paper on Climate Change and Development:

### Why the EU 2030 Package is crucial for international development

13.02.2014

#### Summary:

- Climate change has a devastating impact on developing countries.
- The European Commission proposed a new framework position on climate and energy for the EU with the time horizon 2030 in a White Paper published on 22 January 2014. In March, the Council is expected to adopt a position on it.
- The current ambition the Commission suggests in its White Paper is way too low. The objectives proposed are neither likely to limit global warming to less than 2 degrees nor to avoid dangerous climate change.
- APRODEV's key asks for the EU are to adopt 3 binding 2030 climate and energy objectives in the first half of 2014:
  - at least 55% greenhouse gas emission reduction (compared to 1990)
  - at least 45% renewables as part of energy consumption
  - at least 40% additional energy savings (compared to 2005)
- The adoption of three robust objectives on greenhouse gas emission reduction, renewables and energy efficiency is also likely to boost competitiveness and jobs in Europe
- In addition, it is part of the EU's responsibility and fair global effort sharing to provide additional increased climate finance to developing countries.

## 1) Why does the 2030 Package matter for development?

### *The 2030 Package on climate and energy*

In the White Paper 'A 2030 Framework for climate and energy policies', published on 22 January 2014, the European Commission sets out its vision for the EU climate and energy policies for the years up to 2030. This mid-term vision is crucially needed to guide policies and investments in relevant sectors such as electricity generation, industry, construction and mobility. The White Paper contains a proposal for how to follow-up on the 2020 targets of 20% greenhouse gas reductions, 20% renewable energy in the energy mix and 20% energy efficiency increase to start turning the EU into a low-carbon economy. The Commission's proposal for a single binding 2030 target of 40% greenhouse gas emission reductions and an EU-wide renewables target of 27% (which, despite being named 'binding', is not really binding for EU Member States) is far from being sufficient and would have a dire impact on developing countries. This proposal for climate and energy objectives towards 2030 is woefully inadequate. In order to limit the adverse effects of climate change on developing countries, the EU objective needs to be much more ambitious when it comes to greenhouse gas reduction, renewables and energy efficiency than what is currently proposed.

### *Developing countries are to suffer first and most from climate change*

The poorest and most vulnerable people in developing countries are the first to be hit by climate change. There is a much higher impact on them than on people in richer countries as they have less means to prepare and protect themselves, to adapt and to deal with loss and damage. Scientific models of climate change show that low-lying island states and coastal areas will be flooded more often in the future. Extreme weather events such as droughts, storms and heavy rains will increase in strength and frequency, especially in Africa. Drinking water scarcity will increase considerably and harvests will be destroyed by unpredictable weather, putting food security further at risk. Climate change will exacerbate hunger and thirst in developing countries. The impact of climate change has already begun to be felt. Munich Re, the biggest international re-insurer, has documented a clear increase in weather-related damages over the past 30 years.<sup>1</sup> Catastrophes such as the recent typhoon Haiyan in the Philippines show what we can expect to experience more often in the future. Studies demonstrate that already today millions of people are suffering from climate change and carbon-intensive economies.<sup>2</sup> And this is only the tip of the iceberg as the impact of climate change has only started to set in. The global average temperature has so far risen by less than 1 degree Celsius, but as for instance a World Bank study reveals, the current emissions levels, combined with inadequate political commitments, put the Earth on the way to a 4 degrees warmer world, a horror scenario in which adaptation will systematically fail.<sup>3</sup>

---

<sup>1</sup> Munich RE presentation in the European Parliament on 06.11.13, see also the database: [www.munichre.com/en/reinsurance/business/non-life/georisks/natcatservice/default.aspx](http://www.munichre.com/en/reinsurance/business/non-life/georisks/natcatservice/default.aspx)

<sup>2</sup> See for instance: ChristianAid: Economic costs of climate change in Africa, [www.christianaid.org.uk/images/economic-cost-of-climate-change-in-africa.pdf](http://www.christianaid.org.uk/images/economic-cost-of-climate-change-in-africa.pdf)

<sup>3</sup> Worldbank 2013: Turn Down the Heat: Why a 4 degree Centigrade Warmer World must be Avoided,

The devastating effects of climate change are set to reverse efforts to develop around the world. Its impact on development may soon be bigger than development cooperation.

Vulnerable low-income countries have contributed little to causing the problem, but they are bearing the highest burden: while average annual per capita CO<sub>2</sub> emissions in the EU are around 10 tons of CO<sub>2</sub>, they are at 0.12 tons in Mozambique, that is almost 100 times less.<sup>4</sup>

It is a matter of historical responsibility for the EU to deliver ambitious climate policies, in the context of an equitable and fair international framework and in consistency with its development policy. The 2030 climate and energy package has a crucial role to play in that regard.

*The next steps: Councils and the UN Secretary General Ban Ki-Moon Summit on the road to Paris*

On 5 February, the European Parliament criticized the Commission proposal as short-sighted and unambitious; the EP calls for 3 binding targets.<sup>5</sup> But it is the Council of the EU which will decide on the goals. It is now of utmost importance that, after discussions in the Environment Council on 3 March and the Energy Council on 4 March, the European Council adopts robust and nationally binding commitments for the reduction of greenhouse gases, renewable energy production and energy efficiency by 2030 during its meeting on 20-21 March. Europe's climate and energy targets are a necessary contribution of the EU for the UN Secretary General Ban Ki-Moon's Climate Change Summit in September 2014 where countries are expected to come with concrete bold commitments. The summit will be an important stepping stone in the run-up to the comprehensive global climate change agreement scheduled to be adopted in the framework of the UNFCCC in 2015 in Paris and to be implemented as of 2020. It is crucial that countries take the necessary steps this year to forge the global deal next year. They need to prepare their pledges in advance, so that they can be negotiated and reassessed in the context of the remaining carbon budget and of equity indicators before the final agreement in Paris.

## **2) Why do we need at least 55% domestic greenhouse gas emission reductions by 2030?**

The EU has been a key player in getting the international community to agree to the global objective to limit global warming to stay below 2 degrees Celsius. However, this temperature increase is likely to be too much for most vulnerable areas such as small-island states and other low-lying territories. 2 degrees warming presents a high risk of loss of their land and people. In addition, latest research shows that negative impacts of climate change previously forecast for more than 2 degrees warming are likely to

---

[http://climatechange.worldbank.org/sites/default/files/Turn\\_Down\\_the\\_heat\\_Why\\_a\\_4\\_degree\\_centrigrade\\_warmer\\_world\\_must\\_be\\_avoided.pdf](http://climatechange.worldbank.org/sites/default/files/Turn_Down_the_heat_Why_a_4_degree_centrigrade_warmer_world_must_be_avoided.pdf)

<sup>4</sup> Source eg

[www.data.worldbank.org/indicator/EN.ATM.CO2E.PC?order=wbapi\\_data\\_value\\_2010+wbapi\\_data\\_value+wbapi\\_data\\_value-last&sort=desc](http://www.data.worldbank.org/indicator/EN.ATM.CO2E.PC?order=wbapi_data_value_2010+wbapi_data_value+wbapi_data_value-last&sort=desc)

<sup>5</sup> European Parliament Resolution of 05.02.14:

[www.europarl.europa.eu/news/en/news-room/content/20140203IPR34510/html/MEPs-want-binding-2030-goals-for-CO2-emissions-renewables-and-energy-efficiency](http://www.europarl.europa.eu/news/en/news-room/content/20140203IPR34510/html/MEPs-want-binding-2030-goals-for-CO2-emissions-renewables-and-energy-efficiency)

happen already at lower warming<sup>6</sup>. In order to have a likely chance to stay well below 2 degrees and keep 1,5°C within reach, developed countries need to drastically reduce their carbon pollution while in addition high-emitting developing countries need to deviate substantially from their business-as-usual growth in emissions and develop low carbon development strategies.

### *The global carbon budget*

If we want to have a likely chance to stay below 2 degrees, worldwide efforts to reduce emission pollution need to be stepped up considerably. The world should not emit more than 790 billion tons of carbon until the end of the century according to the Intergovernmental Panel on Climate Change. 515 billion tons have already been emitted by 2011. Total global carbon emissions currently stand at about 10 billion tons per year, rising by about 2.1% each year. If we continue like this the world will have used its carbon budget for the whole century already within the next 15-25 years.<sup>7</sup> Equally, several official publications such as the UNEP emissions gap report and the International Energy Agency World Energy Outlook unveil a significant gap between current emissions reduction pledges and what is needed to stay under 2 degrees warming. For the EU, this means much stronger cuts are needed as early as possible.<sup>8</sup>

### *At least 55% emissions reductions by 2030 are realistic*

Several studies show that EU emission reductions of at least 55% by 2030 are achievable.<sup>9</sup> 55% reductions by 2030 are in line with the annual reduction rate of 2% the EU has experienced over the past 5 years. In 2013, the greenhouse gas reduction target of 20% by 2020 was already met according to the European Environmental Agency. Moreover, the EU is already on its way to surpass its 2020 GHG reduction target significantly: current trends indicate that by 2020, the Union will reduce its GHG emissions by close to 30% instead of the 20% envisaged, without taking additional measures.<sup>10</sup> The EU should therefore also increase its 2020 target in line with this trend, which would send a much needed signal. It has the opportunity to do so in April 2014 when governments have been invited by the UNFCCC to revise their targets in the context of the second commitment period of the Kyoto Protocol. A robust

---

<sup>6</sup> However, for small-island states and other low-lying territories, 2 degrees warming presents a high risk of extinction of their land and people. In addition, latest research shows that negative impacts of climate change previously forecast for more than 2 degrees warming are likely to happen already at lower warming IPCC 2013: Assessment Report 5, Working Group 1, Summary for Policymakers, [www.ipcc.ch/report/ar5/wg1/#.UrK\\_kfugj5M](http://www.ipcc.ch/report/ar5/wg1/#.UrK_kfugj5M)

<sup>7</sup> IPCC 2013: Assessment Report 5, Working Group 1, Summary for Policymakers, see also FT 30.09.13.

<sup>8</sup> UNEP 2013: The Emissions gap report 2013, [www.unep.org/pdf/UNEPemissionsgapreport2013.pdf](http://www.unep.org/pdf/UNEPemissionsgapreport2013.pdf), International Energy Agency 2013: World Energy Outlook 2013, [www.worldenergyoutlook.org](http://www.worldenergyoutlook.org)

<sup>9</sup> Some studies suggest 60-80% reductions. See for instance EcoEquity, Stockholm Environment Institute e.a. (2008) The Right to Development in a Climate Constrained World. The Greenhouse Development Rights Framework; Friends of the Earth EWNI (2011) Reckless Gamblers. How politicians' inaction is ramping up the risk of dangerous climate change; Ecofys (2013) The Next Step in Europe's Climate Action: Setting Targets for 2030; Stockholm Environment Institute (2009) Europe's Share of the Climate Challenge. Domestic Action and International Obligations to Protect the Planet.

<sup>10</sup> According to the European Environment Agency, the planned policies if implemented as expected will lead to 24% domestic emissions reductions. Adding to this are international offsets under the ETS and Effort-Sharing Decision amounting to at least 3%.

2030 target is important to avoid that the current trend and the achievements in reductions are reversed. There is at the moment no incentive to invest in low-carbon technologies when the target is already met. Quite the opposite, scaling-up carbon pollution is permitted. There is a risk that, during a potential coming economic recovery period, emissions could go up again significantly.<sup>11</sup>

### *The need for the EU to contribute its fair share*

Taking into account the responsibility of the EU for its past emissions which are continuing to drive global warming, its financial capacities and its technical capabilities to reduce emissions, it is clear that the EU has to make higher emissions cuts than for instance emerging economies with quickly growing emissions.<sup>12</sup> In 2011, the EU endorsed a low carbon roadmap with the goal of reducing greenhouse gases by 80-95% by the year 2050. However, to be even remotely in line with what would be a fair division of the carbon budget with the rest of the world, the EU needs to be at the higher end of this range, that is to cut as a minimum 95% of its emissions by 2050. Intermediary goals beyond 2020 have so far not been agreed.<sup>13</sup> According to studies, a target of 55% is the minimum mid-term goal that the EU should set itself in order to be in line with science and to contribute its fair share.<sup>14 15</sup>

### *Resumed EU leadership required*

With the unambitious 40% CO<sub>2</sub> reduction target adopted, the EU would no longer be a leader in the fight against climate change. It is also difficult for the EU to argue that China should reduce its pollution from coal while new coal power plants are still built in the EU. The international climate regime is today at a crossroads. While countries are negotiating a global climate deal, there is almost no climate leadership, which is putting the whole international climate regime at risk, and first and foremost poor and vulnerable communities. Having an agreement from European member states on an ambitious and adequate climate and energy package in time for the September Ban Ki-Moon Summit would be a crucial element that could contribute to overcome the current climate stalemate, and could play a significant role in the elaboration of a successful European Climate Summit in 2015.

---

<sup>11</sup> See for instance Sandbag 2013: Europe's 2020 confidence trick: Room to Grow Emissions,

<sup>12</sup> For a discussion on the fair share and equity, see for instance: [www.christianaid.org.uk/images/Fair-shares-in-a-constrained-world-report-November-2013.pdf](http://www.christianaid.org.uk/images/Fair-shares-in-a-constrained-world-report-November-2013.pdf)

<sup>13 13</sup> For instance in the European Council Conclusions of 4 February 2011. The UNFCCC has also recognised the need to consider a 1.5 degree target.

<sup>14</sup> See on the EU emissions gap for instance: FoE 2013:

[www.foeeurope.org/sites/default/files/publications/foee\\_europe\\_climate\\_gap\\_briefing\\_june13.pdf](http://www.foeeurope.org/sites/default/files/publications/foee_europe_climate_gap_briefing_june13.pdf)

<sup>15</sup> Some studies suggest 60-80% reductions. See for instance EcoEquity, Stockholm Environment Institute e.a. (2008) The Right to Development in a Climate Constrained World. The Greenhouse Development Rights Framework; Friends of the Earth EWNI (2011) Reckless Gamblers. How politicians' inaction is ramping up the risk of dangerous climate change; Ecofys (2013) The Next Step in Europe's Climate Action: Setting Targets for 2030; Stockholm Environment Institute (2009) Europe's Share of the Climate Challenge. Domestic Action and International Obligations to Protect the Planet.

### 3) Why do we need a 45% renewables target by 2030?

About 80% of Europe's GHG emissions are caused by energy production and use.<sup>16</sup> It is one of the sectors where achieving carbon-neutrality is within reach already with today's technologies and at competitive costs.<sup>17</sup>

#### *One target is not enough*

A GHG reduction target and the Emissions Trading Scheme (ETS) alone are not sufficient to trigger substantial investments in renewables in the EU. The ETS has so far not been instrumental in engendering investments in renewables. The ETS carbon price is too low, too volatile and provides other options than investing in renewables, especially buying permits from abroad. These so-called international offsets raise a lot of questions as to the real emissions savings they achieve, their sustainability and the respect for environmental and human rights of local populations. Another important factor is that the ETS only covers about 45% of the EU's emissions. All the rest, for example investments in renewables in the heating and cooling sector, in the transport sector and buildings sector, will still need to be addressed through other mechanisms and policies which might not be undertaken without a firm renewables target. A really binding target would need to be broken down between the Member States and entail powers for the EU to intervene, if Member States do not respect it.<sup>18</sup>

#### *Risk of lock-in fossil fuels infrastructure*

The vast majority of all European power plants will have to be replaced in the years up to 2030.<sup>19</sup> Without a renewable energy target Europe is likely to see continued investments in fossil fuel plants which will run and pollute for 30-50 years and block the market-entry of renewables. The wide introduction of renewables through reliable political targets and related policies and incentives has proven to be highly effective and to bring down the production costs rapidly. That is why for instance large PV energy production costs have come down by more than 80% in Germany since 2008. New wind and solar installations in Germany are already now 35%-50% cheaper than the prices negotiated for future nuclear energy and less expensive than new coal and gas plants in the UK. With currently about 25% renewables in electricity production, Germany has one of the most stable grids in the world and continues to export energy to its neighbours, thanks to its so-called 'Energiewende' (energy turnaround).<sup>20</sup>

---

<sup>16</sup> European Environment Agency:

[www.eea.europa.eu/data-and-maps/indicators/en01-energy-related-greenhouse-gas-emissions/en01](http://www.eea.europa.eu/data-and-maps/indicators/en01-energy-related-greenhouse-gas-emissions/en01)

<sup>17</sup> European Commission 2011: A Roadmap for Moving to a Competitive Low Carbon Economy by 2050

[www.ec.europa.eu/commission\\_2010-2014/hedegaard/headlines/topics/docs/com\\_2011\\_112\\_en.pdf](http://www.ec.europa.eu/commission_2010-2014/hedegaard/headlines/topics/docs/com_2011_112_en.pdf)

<sup>18</sup> European Commission:

[www.ec.europa.eu/clima/policies/ets/index\\_en.htm](http://www.ec.europa.eu/clima/policies/ets/index_en.htm)

<sup>19</sup> Heinrich Böll Foundation 2012: A European Union for Renewables,

[www.boell.eu/downloads/A\\_European\\_Union\\_for\\_Renewable\\_Energy\\_eng\\_web.pdf](http://www.boell.eu/downloads/A_European_Union_for_Renewable_Energy_eng_web.pdf), EREC

<sup>20</sup> Agora Energiewende 2013: Renewable Energy Policy in Germany – Recent Developments. Presentation of 06.12.13 in Brussels, from Daniel Fürstenwerth,

### *Co-benefits – energy security and independence, health, safety and flexibility*

Renewables provide many co-benefits compared to other energy production technologies. They improve Europe's energy security and independence - half of the EU's energy demand is today imported, with this tendency growing. In 2012 alone, Europe's imports of oil, coal, and gas cost the EU EUR 545.9 billion, a figure equivalent to the combined GDP of Finland, Hungary, Portugal and Slovakia, or more than five times the aggregate EU trade deficit the same year.<sup>21</sup> Renewables do not have any fuel costs. Further co-benefits are health (no emissions, no radiation) and a smaller impact on the environment, especially when built small-scale and de-centrally. In Poland for instance, about 3000 people are estimated to die from coal plant pollution every year.<sup>22</sup> Many renewables such as wind, solar and biomass can be built quickly and flexibly in various sizes and at various places. Others such as off-shore wind, geothermal and hydro/water/sea can provide reliable base-load production.

### *No viable alternatives to renewables in electricity production*

Alternative CO<sub>2</sub> abatement measures such as Carbon Capture and Storage (CCS) and switching to nuclear energy are very expensive, take a long time to develop and to build and are not proven to be safe for the environment and human beings.<sup>23</sup>

### *Sustainable renewables - the do-no-harm principle*

All forms of bioenergy should be subject to an EU-wide binding sustainability framework, that ensures not only greenhouse gas emissions reduction (with full lifetime carbon accounting reflecting the upfront carbon debt of wood-based bioenergy and indirect land use change for land-based biofuels) but also addresses other environmental (e.g. loss of biodiversity), social and human rights concerns. Support for first generation biofuels competing with crops for food and feed must be excluded. The contribution of bioenergy should be limited to sustainable levels, in order to provide a bigger incentive to other renewable technologies that have larger and more long-term potential and less negative impact on land and water use. That is also why no transport sector target which could incentivize mass-scale use of unsustainable biofuels should be adopted as part of the 2030 package or otherwise.

## **4) Why do we need 40% energy savings by 2030 (compared to 2005)?**

Improving energy efficiency is of fundamental importance for a future sustainable energy mix. It is in many cases the cheapest option to reduce GHG pollution. Numerous studies have demonstrated the pivotal function of energy efficiency in any low-carbon scenario and the feasibility and cost-effectiveness

---

[www.caneurope.org/component/content/article/284-resources/past-events/650-can-workshop-on-renewable-energy-policy-6-december-2013](http://www.caneurope.org/component/content/article/284-resources/past-events/650-can-workshop-on-renewable-energy-policy-6-december-2013)

<sup>21</sup> Connie Hedegaard, 6 January 2014. [http://ec.europa.eu/commission\\_2010-2014/hedegaard/headlines/articles/2014-01-06\\_01\\_en.htm](http://ec.europa.eu/commission_2010-2014/hedegaard/headlines/articles/2014-01-06_01_en.htm)

<sup>22</sup> HEAL: The Unpaid Health Bill: How Coal Power Plants Make Us Sick, [www.env-health.org/resources/press-releases/article/coal-s-health-bill-reaches-eur43](http://www.env-health.org/resources/press-releases/article/coal-s-health-bill-reaches-eur43)

<sup>23</sup> See e.g. Financial Times 01.10.13: Carbon capture hopes dashed by high costs

of ambitious energy efficiency measures.<sup>24</sup> The research group Ecofys estimates net direct savings of 250 billion Euro per year for the EU in case of stringent aspiring energy saving measures by 2030.<sup>25</sup> The International Energy Agency recommends that half of the EU's emissions cuts should come from energy saving policies by the year 2035.<sup>26</sup>

### *Energy efficiency for sustainable energy production*

The reduction of demand for energy would make it possible to avoid the large-scale use of biomass and biofuels for energy production and thereby to reduce the competition between food and energy production. Energy efficiency avoids a number of negative side-effects and costs of building big energy infrastructure, while at the same time boosting innovation and technical progress. It also provides quick impact as it cuts carbon pollution immediately after deployment.

### *The need for a binding target to guide investments*

Even though energy efficiency measures lead to operational cost savings in the medium to long run, they entail high upfront costs which often deter investors, especially in the absence of the security of binding targets. Increasing investment security and reducing risks can cut costs by up to 50%.<sup>27</sup> The 2020 targets have shown that a non-binding energy efficiency target does not trigger the necessary changes: energy efficiency is the only non-binding one of the three 2020 targets and it is the only one not on track for the moment.

By adopting renewables and energy efficiency targets, the EU would also be in line with the UN Secretary General Ban Ki-Moon's initiative Sustainable Energy for All and the UN Decade for Sustainable Energy for All. Both underline the need for renewables and energy efficiency targets in order to achieve sustainable energy production. The initiative features three global goals: ensuring universal access to modern energy services, doubling the global rate of improvement in energy efficiency and doubling the share of renewables.<sup>28</sup>

As UN SG Special Representative, UNIDO Director-General and UN Energy Chair Yumkella stresses: *"Sustainable Energy for all is essential for achieving our Millennium Development Goals and for opening*

---

<sup>24</sup> For instance Global Energy Assessment (GEA) 2012, [www.iiasa.ac.at/web-apps/ene/geadb/](http://www.iiasa.ac.at/web-apps/ene/geadb/), Fraunhofer ISI 2012: Concrete Paths of the European Union to the 2 degree scenario: Achieving the Climate Protection Targets of the EU, [www.isi.fhg.de/isi-media/docs/e/de/publikationen/Begleitbericht\\_Contribution-to-climate-protection\\_final.pdf](http://www.isi.fhg.de/isi-media/docs/e/de/publikationen/Begleitbericht_Contribution-to-climate-protection_final.pdf), study of a consortium for the European Commission in 2009: Study on the Energy Savings Potential in EU Member States, Candidate Countries and EEA Countries, [www.ec.europa.eu/energy/efficiency/studies/doc/2009\\_03\\_15\\_esd\\_efficiency\\_potentials\\_final\\_report.pdf](http://www.ec.europa.eu/energy/efficiency/studies/doc/2009_03_15_esd_efficiency_potentials_final_report.pdf)

<sup>25</sup> Ecofys 2013: Saving Energy. Bringing down Europe's energy prices for 2020 and beyond, [www.ecofys.com/files/files/foe-ecofys-2013-saving-energy-2020-and-beyond.pdf](http://www.ecofys.com/files/files/foe-ecofys-2013-saving-energy-2020-and-beyond.pdf)

<sup>26</sup> International Energy Agency 2012: Presentation for the Coalition for Energy Savings, available on request.

<sup>27</sup> Ecofys 2012: Interaction between RES support schemes and the internal electricity market, [www.europarl.europa.eu/document/activities/cont/201211/20121109ATT55209/20121109ATT55209EN.pdf](http://www.europarl.europa.eu/document/activities/cont/201211/20121109ATT55209/20121109ATT55209EN.pdf)

<sup>28</sup> See [www.se4all.org](http://www.se4all.org)

*up new opportunities for growth and prosperity in every country of the world. It is also central to discussions on the post-2015 development agenda and proposed new sustainable development goals.”*<sup>29</sup>

## **5) Why does the EU need 3 robust binding targets to boost competitiveness and create jobs?**

Climate change and the negative effects of a carbon-intensive economy are becoming more and more visible and discussed around the world. Fighting air pollution is a priority in China, as well as for many other growing developing countries. It is therefore clear that the future will see a rising demand for low-carbon, energy-efficient and renewable technologies. If Europe wants to expand its market-leadership in these fields, it has to set the right policy frames. Low-carbon technologies also hold significant job potential. The EU’s renewable energy industry currently employs more than 1 million people.<sup>30</sup> These jobs are often bound to Europe, such as refurbishing buildings and operation and maintenance work for renewables installations, or require very specialized skills, for instance in engineering where Europe has an advantage. In the period up to 2020, the European Commission expects that clean and more energy efficient technologies, products and services will generate some 5 million jobs.<sup>31</sup>

## **6) Why does the EU need to scale up new and additional climate finance for GHG emissions mitigation and climate change adaptation in developing countries?**

The 2 degree target can only be reached if efforts are made by countries all over the world. The EU 2030 package must be seen as an element in the global effort sharing, where other parties will contribute with their fair shares. However, many developing countries will need financial and technological support to make the necessary investments and initiatives. It is not sufficient to express the EU’s contribution in emission cuts only. The emission reductions must be combined with financial pledges, enabling developing countries to increase their ambitions. It must also be acknowledged that lack of mitigation will lead to increased need for climate change adaptation and even climate-change induced loss and damage. Thus, with a low EU GHG reduction target, the responsibility for climate finance will increase.

### *ETS auctioning revenues for climate finance*

Revenues from the auctioning of emissions allowances under the EU’s Emission Trading Scheme (ETS) should be used for climate finance. The EU ETS Directive stipulates that Member States are to spend at least half of these revenues on activities related to climate change, energy and low-emission transport, including in developing countries. According to the Commission’s calculations, ‘the gross revenues available from this source would be up to USD 30 billion per year by 2020’. Despite the huge potential of this source, only a handful of member states have put systems in place to ensure that part of the ETS

---

<sup>29</sup> UN General Assembly Declares 2014-2024 Decade of Sustainable Energy for All, [www.un.org/News/Press/docs/2012/ga11333.doc.htm](http://www.un.org/News/Press/docs/2012/ga11333.doc.htm)

<sup>30</sup> European Renewable Energy Council, [www.erec.org](http://www.erec.org)

<sup>31</sup> European Commission 2013: Green Paper A 2030 framework for climate and energy policies, [www.ec.europa.eu/energy/green\\_paper\\_2030\\_en.htm](http://www.ec.europa.eu/energy/green_paper_2030_en.htm)

auctioning revenues is spent as climate finance. The upcoming structural reform of the EU ETS, as well as new member states' reporting requirements on the use of ETS auctioning revenues, should provide new opportunities to catalyse this.

## Conclusions:

*The challenge we face is neither a technical nor policy one – it is political: the current pace of action is simply insufficient. The technologies to reduce emission levels to a level consistent with the 2°C target are available and we know which policies we can use to deploy them. However, the political will to do so remains weak. This lack of political will has a price: we will have to undertake steeper and more costly actions to potentially bridge the emissions gap by 2020.<sup>32</sup>*

### Contact:

Janna Schönfeld,  
Policy Officer Climate Change and Development at APRODEV  
Email: [janna.schonfeld@aprodev.net](mailto:janna.schonfeld@aprodev.net)  
Phone: 0032-2-234 56 68

---

<sup>32</sup> Achim Steiner, UNEP Executive Director, UNEP 2013 Emissions Gap report.