

Before the end of the year, the European Union needs to agree on its increased 2030 climate target. EU leaders will discuss the overall level of EU climate ambition at their next meeting on 10-11 December.

We are in the midst of a climate emergency and heading towards a global rise in temperature of more than 3°C by the end of the century, if we do not substantially ramp up climate action over the coming decade. According to the latest available science and the United Nations' equity principle, the EU should agree to an emission reduction goal of at least 65% by 2030 (compared to 1990 levels).

Policy recommendations

- Civil society and other stakeholders in CEE Countries are ready to take their part in the energy transition and should be engaged in the development of plans and policies.
- Central and Eastern European governments should support an EU 2030 climate target of at least 65% emission reductions in line with the latest available science.
- All EU implementing policy should be aligned with science and the Paris Agreement objective of limiting temperature rise to 1.5°C.
- An ambitious spending target with at least 40% of EU funds earmarked to the green and just transition, while excluding all fossil fuel subsidies, is needed to support the decarbonisation of all sectors of the economy.
- To maximise the impacts of EU funding, both to increase climate ambition and to ensure a sustainable recovery, all Member States need to direct their upcoming regional and sectoral spending plans towards climate neutrality.
- If the EU funds are used wisely to fill the gaps identified in the NECPs including investing massively in the vast untapped potential of energy efficient buildings, domestic renewable energy sources and climate-neutral mobility, they could both ensure a green recovery and boost climate ambition in the CEE region.

The challenge ahead...

Coming to an agreement will be challenging. Member States need to adopt the target unanimously. A few countries, mainly from Central and Eastern Europe (CEE) still have to endorse the European Commission's proposed 2030 climate target of at least 55%, which is already supported by a large majority of EU Member States. Some of the main hesitant countries, including Poland and Bulgaria, have underlined the need for better understanding of country-specific impacts of increased climate ambition. This briefing's main objective is to emphasise the benefits of increased EU climate ambition and show that an EU climate target of at least 55% emission reductions is wanted, beneficial and feasible.

1. CEE's support for bolder climate policy is gaining traction

The large majority of EU citizens see climate change as a serious problem and 92% of them agree that greenhouse gas emissions should be reduced to a minimum [1]. Over the past six months, citizens, experts, businesses, civil society actors and local authorities from CEE countries have called for economic and social renewal, including climate awareness at national and European levels.

On June 16, in an open letter addressed to the leaders of the European Union, a coalition of mayors including the mayors of Bratislava, Budapest, Prague and Warsaw called for greenhouse gas emissions to be reduced more quickly by increasing the EU's 2030 target from 40% to 55%.

On October 5, over 180 organisations' representatives of the Central European civil society, businesses, cities and local and regional initiatives, and academia, sent a letter of appeal, to the Prime Ministers of the Czech Republic, Slovakia, Hungary, Poland, Romania, and Bulgaria calling upon the EU to raise 2030 climate ambition to at least 65%, ensure social justice and improve the state of the environment.

One week later, in an open letter to the President of the Council of the EU and the President of the European Council, mayors of 58 cities from across Europe including from Poland, Lithuania, Estonia, and Slovenia demanded a target of at least 55% at EU level as well as legally binding targets at Member State level, with more targeted EU support offered to cities that have made even higher commitments of 65% emission reductions.

This vocal and broad support for higher climate ambition from local actors in the region gives a clear signal to policymakers to take all actions required to halt climate change. Ambitious climate policies are urgently demanded to limit temperature rise to the Paris Agreement's 1.5°C objective and provide the framework for sustainable recovery in the EU. This can only be achieved through an increase of the 2030 Climate Target to at least 65%.

Country insights

- Bulgaria: a recent study shows that 80% of Bulgarian respondents are worried about climate change as a public health issue, preceded only by air pollution (91%). At the same time, 78% thinks the government is not doing enough to protect the environment. [4]
- Romania: 84% of the population believe it is important for national governments to set ambitious targets for renewable energy use and 85% for energy efficiency and 71% thinks the government is not doing enough to protect the environment. [2] [3]
- Poland: 87% of the population believe it is important for national governments to set ambitious targets both for renewable energy use and for energy efficiency. [2]
- Hungary: 97% of the population believe it is important for national governments to set ambitious targets for renewable energy use and 93% for energy efficiency. The Central Bank of Hungary has recognised the need for climate action in line with the 2050 climate neutrality goal and announced a Green Program in February 2019. [4]
- Slovakia: 89% of the population believe it is important for national governments to set ambitious targets for renewable energy use and 88% for energy efficiency. [2]
- Czech Republic: 87% of Czech population agree that it is important to lower our emissions in order to protect our landscape from drought, smog, and from drying forests. [4]

[1] https://ec.europa.eu/clima/citizens/support_en

[2] https://ec.europa.eu/clima/citizens/support_en

[3] <https://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/survey/getSurveydetail/instruments/special/surveyky/2257>

[4] HU: <https://www.mnb.hu/letoltes/green-finance-in-hungary-consultation-paper.pdf>

CZ: https://www.irozhlas.cz/zpravy-domov/pruzkum-median-koronavirus-sucho-ekonomicka-krize_2004260702_dok

BG: https://www.zazemiata.org/wp-content/uploads/2020/06/CAF-YouGov-PPT_Bulgaria.pdf

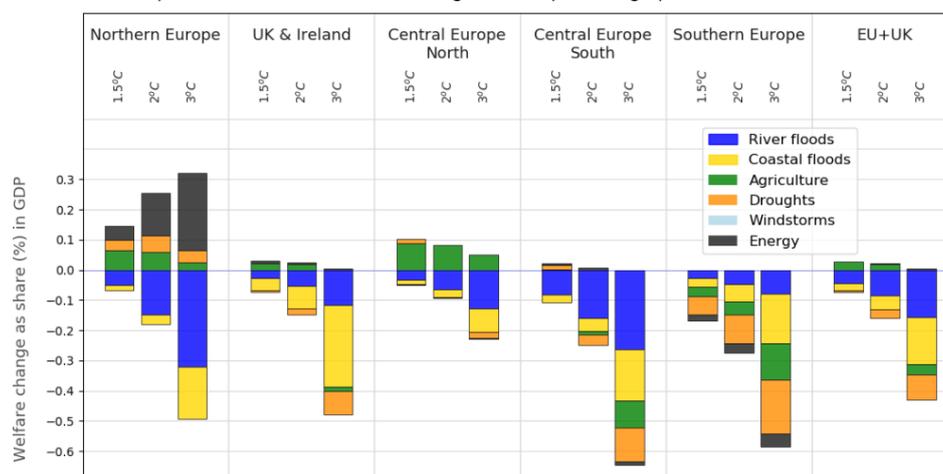
2. Rapid and bold climate action pays off

Setting a more ambitious target for 2030 is wanted because it is beneficial in many different ways. Doing so will prevent high costs to society, and bring significant benefits beyond climate mitigation, notably in terms of air pollution and public health, reduced energy poverty, increased energy security, industrial modernisation, competitiveness, mobility and jobs.

Central Eastern Europe is already strongly impacted by climate change today, for example through extreme weather events, floods, droughts, shortages in water, resulting in severe economic strain. These impacts are expected to amount to welfare losses of 175 billion EUR per year for the EU as a whole by mid-century.

The magnitude of welfare losses (% of GDP) in scenarios assuming a global rise in temperature of 2°C to 3°C is estimated to be several times larger in Southern Central Europe and Southern Europe, with about 60% of the EU absolute welfare losses concentrated in the Central Europe regions [5]. Spurred by the need to overcome the COVID-19 pandemic, a green recovery investment push can help prevent these costs.

Figure 2: Welfare change (% of GDP) from selected climate impacts excluding mortality for the EU and UK, and for the constituent EU macro regions, for three levels of global warming. The results represent change with respect to current economy. The numerical values for each region and impact category can be found in **Table 7**.



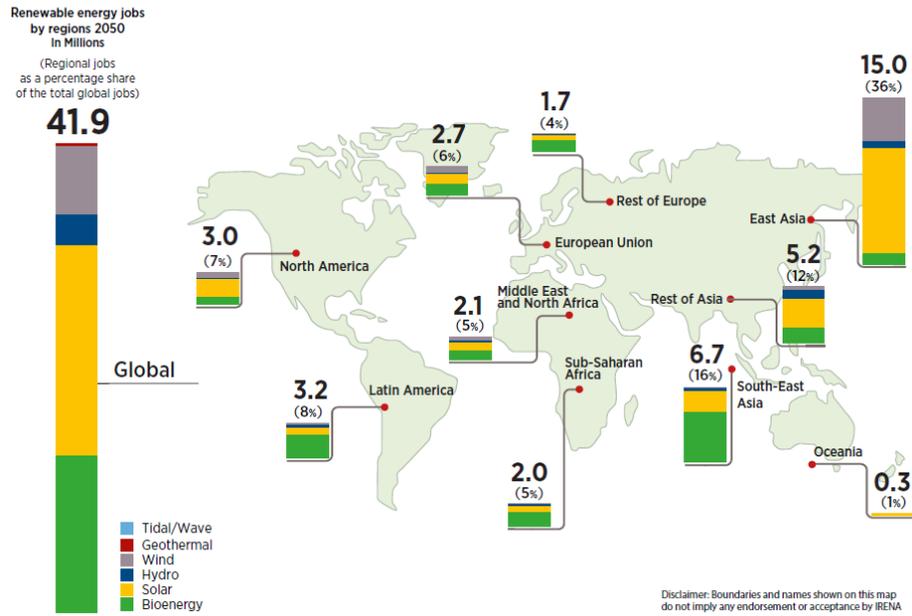
Source: PESETA IV, 2020.

Source: <https://ec.europa.eu/jrc/en/peseta-iv/economic-impacts>

Moreover, a green recovery can bring substantial socio-economic benefits, specifically the creation of much-needed jobs and broader economic benefits. The energy transition is estimated to create 2.7 million jobs in the renewable sector only in Europe by 2050 [6]. Investing in energy transition technologies provides three times more jobs than investments in fossil fuels, for each million dollars of spending. The employment intensity of all energy transition-related technologies is around 10 jobs for every dollar invested in the European Union. According to a report from the Joint Research Centre (JRC) on renewable energy job potentials in coal regions, there is also a large range of potential for renewable energy and job creations in coal regions in transition.

[5] https://publications.jrc.europa.eu/repository/bitstream/JRC120452/pesetaiv_task_14_economic_analysis_final_report.pdf

[6] https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2020/Feb/IRENA_Transition_jobs_2020.pdf



Diversification of the energy mix will additionally improve energy security and provide the highest level of energy independence, in contrast to a business-as-usual scenario where it is estimated that in 2050 between 45% and 70% of the coal necessary for electricity generation might be imported [7].

Time is of the essence, immediate investment increases could put renewable power generation on track to grow five times faster. As late adapters, CEE countries have even better opportunities for market expansion using the most recent, innovative and cost-effective technologies. In the region, there are vast untapped potentials namely in making buildings energy efficient, in boosting renewable energy and mobility services. By seizing these opportunities, CEE countries could improve public health, quality of life and economic prosperity for their citizens, as well as deliver positive climate outcomes [8].

Country insights [9]

- **Bulgaria:** According to projections from the World Economic Outlook, the overall estimated welfare consequences of climate change range from about 1 percent of GDP in 2050 in the most optimistic scenario to about 3.5 percent in the most pessimistic scenario.
- **Romania:** The total fixed offshore wind technical potential equals the country's installed generation capacity (22 GW). Theoretically, therefore, offshore renewable energy could be a substitute for the country's currently stalled offshore gas projects.
- **Poland:**
 - The Ministry for Environment has estimated that costs of damage from climate change-related extreme weather events have escalated from €12 billion between 2001 and 2010, to €48 billion between 2011 and 2030.
 - 81,000 additional jobs could be created in the electric vehicles sector alone, for example, and 24,000 in the construction sector.
- **Hungary:** According to a very recent study, with ambitious green recovery measures, the Hungarian GDP growth could be 4% higher by 2030 than without green recovery.
- **Slovakia:** According to the study, with ambitious green recovery measures, employment increase by 2023 is about 34 thousand full time equivalent employment, with a return in employment and economic activity to pre-Covid baseline within 3 years.
- **Czech Republic:** According to the study, with ambitious green recovery measures, long-term employment increase by 2030 is about 41 thousand full time equivalent employment.

[7] <https://forum-energji.eu/en/analizy/polska-energetyka-2050-4-scenariusze>

[8] <https://www.corporateleadersgroup.com/reports-evidence-and-insights/publications/publications-pdfs/cee-energy-transition-report.pdf>

[9] PL: <https://www.wwf.eu/?uNewsID=961391> <https://www.wwf.eu/?uNewsID=353783> BG: <https://climateknowledgeportal.worldbank.org/country/bulgaria/adaptation>

CZ, SK and HU: https://www.e3me.com/wp-content/uploads/2020/11/2020nov_visegrad_green_recovery_working_paper.pdf RO: https://www.ceps.eu/download/publication/?id=30608&pdf=PI2020-26_Black-Sea-offshore-wind-power.pdf

3. Financing the just transition is possible

Setting an ambitious target for 2030 is beneficial and feasible. Even if all Central and Eastern European countries do not share a common approach to climate and energy policy, they do face similar economic and environmental development challenges, such as the heritage of post-Socialist heavy industry, a high share of coal and fossil gas in their energy mix, as well as the need for significant investments to enable the structural transformations needed to reach climate neutrality by 2050 at the latest.

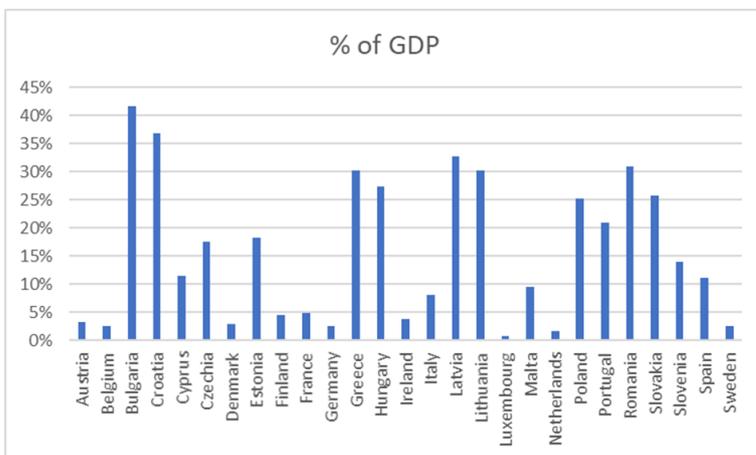
Their current climate and energy targets, as well as the policies, measures and investments planned until 2030 in their National Energy and Climate Plans (NECPs) do not enable this urgently needed transition. On the opposite, the European Commission's Assessment of NECPs [10] reveals unambitious renewables and energy efficiency targets for 2030, with a general low deployment of renewable electricity which even slows down in Bulgaria, Czech Republic and Romania; an increase in gas and nuclear capacity; almost no reduction planned in coal generation in Poland, Czech Republic, Bulgaria and Romania; and insufficient measures for sustainable mobility, electrification of transport, as well as for energy efficiency in buildings in the whole region.

This low ambition in climate spending stands in stark contrast to some of these countries' claims and complaints about the high costs of the transition toward climate neutrality and increased 2030 climate ambition.

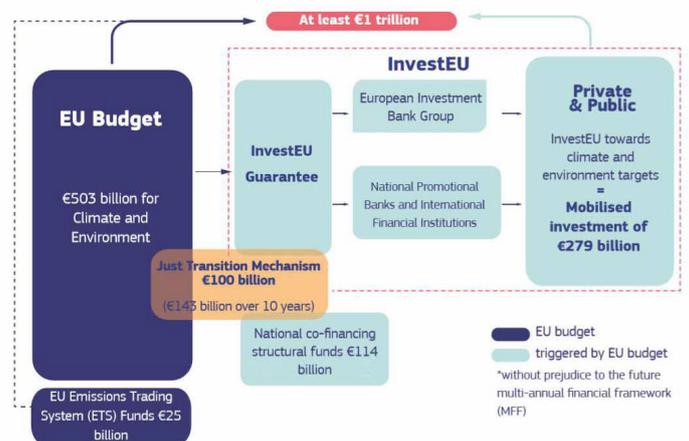
3.1 The money is available

The upcoming EU Budget for 2021-2027 combining the new Multiannual Financial Framework (MFF) and a specific recovery effort under Next Generation EU (NGEU) offer an unprecedented range of opportunities to both increase the climate ambition and the ambition of the NECPs, enabling the financing of measures needed to implement higher climate and energy targets in line with climate neutrality trajectories.

The EU budgetary resources, from Regional Development (ERDF) and Cohesion Funds (CF), from the Common Agricultural Policy and the Just Transition Fund as well as the Recovery package, that are available to enable these transformations are significant. Whereas all funds will be disbursed over the 2021-2027 period, the sum of all available EU funds [11] over this period makes up between 25% and 42% of the annual Gross Domestic Product (GDP) for Bulgaria, Croatia, Greece, Hungary, Latvia, Lithuania, Poland, Romania, and Slovakia [12]. And it represents 17% of Czechia's GDP. These significant financial resources will be available for Central and Eastern Europe with an obligation to drive climate action: 30% from the Multiannual financial framework (MFF) including 37% from the Recovery fund need to be earmarked for a "greener, low-carbon Europe". However, it is up to the Member States to decide in the coming months which measures they want to finance for the period 2021-2027.



WHERE WILL THE MONEY COME FROM?



[10] <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1600328628076&uri=COM:2020:564:FIN>
 [11] The sum of the Structural Funds, the Common Agricultural Policy, the Recovery and Resilience Facility (grants), the Just Transition Fund, the Modernisation Fund, the ETC auction revenue
 [12] <http://www.caneurope.org/docman/climate-finance-development/3599-funding-climate-and-energy-transition-in-the-eu/file>

*The numbers shown here are net of any overlaps between climate, environmental and Just Transition Mechanism objectives.

Source: <https://medium.com/eca-journal/climate-change-action-and-the-new-mff-earmarking-climate-financing-in-times-of-the-covid-19-4df05a4a87be>

3.2 Time is of the essence

This new investment period aligns with the last infrastructure investment cycle before the EU has to reach climate neutrality: energy investment decisions taken today will determine which infrastructure will be built in the coming decade and define how energy systems will look like 30-40 years ahead.

NECPs will need to be continuously improved, starting by closing the gaps and building on the large untapped potential in domestic renewable energy sources, energy efficiency in buildings and mobility, where investments have continuously lagged behind. For the new spending plans, directing EU funds for 2021-2027 towards achieving climate neutrality is crucial given the role of EU funds within the European financing landscape and even more in the context of the European Green Deal.

Country insights [13]

- Bulgaria: The new NECP indicates that fossil fuels will make over 40% of the 2030's energy mix, with minor changes in renewable energy deployment. The sum of all available EU funds for 2021-2027 makes up 42% of annual GDP for Bulgaria, the highest percentage, which can support more ambitious spending plans.
- Romania: Whereas all funds will be disbursed over the 2021-2027 period, the sum of all available EU funds over this period makes up 31% of annual GDP for Romania.
- Poland: Based on its new NECP, Poland will have by far the dirtiest electricity grid by 2030 (566 gCO₂/KWh). Yet, Poland will receive the highest share of the new Structural funds (77,2 billion), while the sum of all funds will represent 25% of annual GDP.
- Hungary: Based on its NECP, Hungary will have the second lowest renewable energy sources share of electricity consumption in 2030 (less than 20%). The sum of all available EU funds for 2021-2027 makes up 27% of annual GDP, which can support more ambitious spending plans, including renewable energy deployment.
- Slovakia: The wind and solar's combined share of electricity consumption is the lowest in the EU in 2030, close to 5%. The sum of all available EU funds for 2021-2027 makes up 26% of annual GDP, which can support more ambitious spending plans, including renewable energy deployment.
- Czech Republic: In 2030, Czechia will have the lowest renewable energy sources share of electricity consumption (around 18%). The sum of all available EU funds for 2021-2027 makes up around 17% of annual GDP. However, for 2014-2020, Czechia will likely end up spending less than half of the allocated funds.

[13] Data on NECPs: <https://ember-climate.org/wp-content/uploads/2020/10/Vision-or-Division-Ember-analysis-of-NECPs.pdf>

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Climate Action Network (CAN) Europe is Europe's leading NGO coalition fighting dangerous climate change. With over 170 member organisations from 38 European countries, representing over 1.500 NGOs and more than 47 million citizens, CAN Europe promotes sustainable climate, energy and development policies throughout Europe.

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