DEVELOPMENT AND CLIMATE CHANGE
IMPACTS AND (UN)SUSTAINABILITY

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INTRODUCTION

Since development challenges are multidimensional and interdependent, Policy Coherence for Development (PCD) is an essential condition for achieving the 2030 Agenda for Sustainable Development¹. In the European Union, it is a political commitment and legal obligation of European institutions and of Member States since 1992, reinforced in the Lisbon Treaty² and reiterated in strategic documents such as the European Consensus for Development (2017)³. As we enter the last decade for achievement of the 2030 Agenda, it is important to reinforce the efforts to increase the positive impact of policies and the effectiveness of development processes, which is particularly important in the case of climate change, since scientists consider the next 10 years as the last opportunity to limit global warming to an appropriate level.

This paper analyses some of the main challenges and (in)consistencies in the interconnection between climate change and development. In fact, in addition to the health emergency caused by the pandemic, there is the economic crises and the already existing climate emergency, in a combination of factors with disruptive impacts on people’s lives, which makes policy coherence even more relevant. A brief analysis of the interconnection between climate change and development is carried out and inconsistencies in these policies are identified, allowing recommendations to be made so that both can contribute in a more coherent and integrated way to a more just, sustainable and inclusive world. The findings and recommendations are also, although not limited to this objective, a contribution to the Portuguese Presidency of the European Union Council.

¹ The 2030 Agenda incorporates policy coherence as a key systemic issue to revitalise the global partnership for development (Sustainable Development Goal - SDG 17), including target 17.14 on increasing PCSD.
² Maastricht Treaty, 1992, Article 130u; Lisbon Treaty, 2009, Article 208 (on Development Cooperation), paragraph 2: “Union development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty. The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries”.
1.1. Paris does not comply with Paris: Targets and Actions Not Corresponding

Achieving the objective of the Paris Agreement (to keep global warming below 2 degrees Celsius in relation to the average world temperature in the pre-industrial era and, ideally, below 1.5 degrees) - depends on the concrete policies and measures taken by countries and signatory parties. While the progress of the last few years should be noted – with an emphasis on the various commitments to total decarbonisation of economies in the medium and long term, the reformulation of more ambitious targets by several countries and organisations, and with more and more countries adopting climate policies and submitting their Nationally Determined Contributions⁴ – it becomes evident, in 2020, that these advances do not respond to the urgency of action that the climate crisis requires. In fact, with the current rate of GHG emissions, in less than 8 years we will have reached the maximum of our “CO2 budget” to limit the planet’s temperature to 1.5 degrees, long before we even have time to achieve the targets set for 2030 or 2050 (UNEP, 2020). Even considering all the commitments announced under the Paris Agreement, emissions will continue to rise and the “emission gap” in relation to globally defined targets remains considerable. For example, in relation to the production of fossil fuels, the United Nations consider that the objective of the

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⁴ As positive aspects, it should be noted that 65 countries and 10 regions have committed to a scenario of zero net emissions by 2050 – although only five G20 members are included. Particularly relevant are the perspectives on the world’s three largest emitters: the United States should return to the Paris Agreement; China announced the goal of carbon neutrality by 2060; the EU has set interim emission reduction targets of at least 55% compared to 1990 and will approve in 2021 the first European climate law, which will make full decarbonisation mandatory by 2050 in all Member States.
Paris Agreement requires a 6% decrease per year, between 2020 and 2030, while the energy planning of the countries foresees an annual increase in production around 2%⁵.

Many countries have made political commitments to decarbonise economies by 2050, but several have not yet defined concrete measures to start a structural transformation that will enable them to achieve this goal, or interim plans and targets that require short-term actions, nor have they passed binding legislation in this regard, or declared a climate emergency. Even the European Union, which has taken the lead and is the block with the most ambitious objectives in this area, has recently approved an interim climate target (by 2030) to reduce emissions by 55% compared to 1990, but the path towards the foreseen climate neutrality by 2050 would require a 65% reduction between 1990 and 2030⁶.

In 2020, a boost in global climate action was expected and the Parties to the Paris Agreement should update their Nationally Determined Contributions, but with the pandemic and the postponement of COP-26, the focus shifted largely to economic recovery, which will result in a rapid rise in emissions, unless policies direct incentives for ecological transition.

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⁵ Information at https://productiongap.org/

⁶ The 55% target was approved by the European Council on 12 December 2020. The European Parliament had called for a 60% target.
The Paris Agreement also has other limitations. Several sectors are not covered by a comprehensive governance system at global level and have insufficient regulation and management, as is the case with global common goods, such as the ocean or forests. Key sectors for the decarbonisation of economies, such as international aviation and maritime transport, are absent from the Paris Agreement. In 2021, there is a long way to go to try to resolve the loose ends that have been left since 2015, such as the regulation of the emissions market.

Another important aspect is that, although the Paris Agreement has motivated many companies to make commitments in the scope of climate action and sustainability issues are increasingly present in the private sector activity, regulation is still insufficient, either to ensure that there is an effective reduction in emissions – in a context where only 100 business groups are responsible for more than 70% of global emissions – and to promote full respect for environmental standards in investments, particularly in developing countries. The path of greater sustainability has been an investment of several business groups, largely due to pressure from consumers, but it must be ensured that it is not limited to image or marketing issues (“greenwashing”).

1.2. CLIMATE FINANCE AND DEVELOPMENT ASSISTANCE

The Paris Agreement sets out the principle of “common but differentiated responsibilities and respective capabilities” (Article 2, paragraph 2), which means that countries with greater responsibility for climate change must contribute a corresponding part to reduce emissions and also to support countries with lesser capabilities to drive their structural transformation and to be able to adapt to the impacts of climate change. The effective mobilisation and channelling of funds in this area is an indispensible contribution to the achievement of various development goals.

Overall, climate finance is increasing, with the European Union and Member States jointly being the world’s leading funder, but global figures have not yet reached $100 billion USD annually for developing countries, as it had been internationally agreed from 2020. In particular, the contributions of many of the most developed countries to the Green Climate Fund are, for the most part, below what their “fair share” should be.

A qualitative analysis of these flows reveals that the focus is still disproportionally focused on mitigation, while countries more vulnerable to the climate (all of them developing countries) have enormous needs in terms of adaptation, strengthening resilience and responding to growing climate disasters. More than 2/3 of climate finance is focused on reducing emissions, while only 21% of funds are intended to help communities adapt to climate change and build their resilience to external shocks (OECD, 2020a), when the objective of the Paris Agreement is to achieve parity (50/50) in

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7 Evolution of emissions and the contribution of companies: https://climateaccountability.org/carbonmajors.html
8 In 2018, funding reached $78.9 billion USD (OECD, 2020a). The data includes bilateral and multilateral financing, climate-related funds supported by export credit agencies, and private funds mobilised through public finance. Climate finance provided by the EU and Member States was 23.2 billion euros in 2019.
9 The Climate Fund is in a capitalisation phase until December 2023. For a critical analysis of the contributions announced by European countries, see “European countries’ pledges to the Green Climate Fund” Climate Action Network Europe, 23.10.2019.
10 2020 Climate Vulnerability Index.
the financing of mitigation and adaptation. As the effects of climate change worsen, the costs of adaptation increase, creating enormous difficulties in countries where response capacities are weak and financial resources are scarce. In addition to this, the fact that restoration of losses and damages arising from the adverse effects of climate change is one of the most controversial issues in international negotiations, and it has not yet been possible to reach an agreement on these compensation.

On the other hand, most of the international funding in this area relates to loans, which can contribute to increasing dependence and external debt in low- and middle-income countries, already under great budgetary pressure, further aggravated by the pandemic. Between 2013 and 2018, the weight of loans in public funding for the climate increased from 52% to 74% of the total, with the majority being non-concessional loans (OECD, 2020a). This is aggravated by the fact that interest rates and payments to creditors are not deducted from the data of financial flows from donor countries, which points to an artificial exaggeration of the climate finance figures. In addition, issues of transparency persist in reporting climate finance, including cases in which the total value of funded projects is accounted for, when only part of them relates to combating climate change (Oxfam, 2020b), and there are no rules that prevent double counting of those support through UNFCCC channels and outside this framework, given the complexity and fragmentation of the global climate finance architecture.

In geographic terms, almost 70% of climate finance goes to middle-income countries, with the countries that least contributed to climate change and those most affected by its impacts, such as the least advanced countries (LDCs) and the Small Island Developing States received only 14% and 2% of funds, respectively (OECD, 2020a).

The effects of the pandemic on these financings remain to be seen, but the greater focus on public health emergency in the most developed countries and a brief analysis of the existing recovery packages points to less availability for countries to finance and mobilise climate finance that is not addressed to their national objectives. In the poorest countries, the emergency expenditures that they are forced to make to respond to the pandemic also contribute to the increase in debt, and it is foreseeable that they will have great difficulty in accessing resources to pursue “green investments” with a view to more sustainable medium- and long-term development.

Development assistance also has an important role to play, both as a catalyst for other funds and as a direct contribution to actions promoting sustainable development, building resilience and building capacities in developing countries. Official development assistance (ODA) for climate purposes has been increasing, as various climate finance can be counted as an integral part of the commitments to increase development assistance to 0.7% of Gross National Income by 2030. An analysis of the evolution of official development assistance reveals that this flow has remained relatively stable, which, with the growth of funds for climate purposes, indicates a greater focus of aid on this sector at the expense of funds for humanitarian aid and development assistance centred in poverty reduction, human development and social sectors (Kenny, 2020). That is, the financing is not new and additional, and may imply a reallocation or diversion of funds from other sectors that are crucial for a fair and inclusive development.

Another relevant issue is the coherence of development assistance with climate targets, and it is important that all types of financing and supported projects do not have harmful impacts on the environment or are contrary to the objectives of the Paris Agreement (OECD, 2019). The financing of power plants based on fossil sources is an example that meets the criteria to be considered ODA, but that undermines climate objectives. Budgetary support to countries that focus their economic development on fossil fuels may be another inconsistency. It is therefore necessary to apply aid allocation criteria that are fully consistent with sustainable development.

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11 In the case of the European Union, for example, funding from the European Investment Bank (EIB) and from the European Bank for Reconstruction and Development (EBRD) for adaptation in developing countries was only 7.7% and 11.8%, respectively (Ahairwe and Bilal, 2019).

12 Article 8 of the Paris Agreement provides for measures to make up for losses and damages, but developed countries oppose to the disbursement of financial resources based on this logic. This was one of the main disagreements at COP-25, held in Madrid, in 2019.

13 This objective is expressed in the 2030 Agenda for Sustainable Development, but it has been stated since the 1970s at the United Nations. The European Union and its Member States as a whole are the largest donor of ODA, but only five countries met this target in 2019 (Portuguese ODA stood at 0.16% of GNI).
development – as well as other financial flows, namely blended finance and external investment funded by development institutions.

Within the scope of the Multiannual Financial Framework for 2021–2027, the European Union has started to align domestic financing with its climate ambitions, with at least 37% of recovery funds having to be invested in climate-related projects, while investments in fossil fuels are excluded from the Fair Transition Fund and limited in regional funds. It is now expected that complementarity of the policies of the European Green Pact with the EU Economic Recovery Plan is ensured to be implemented in response to the crisis caused by the pandemic.

At the external level, the most relevant change is the aggregation of various instruments and funds for external action in the Neighbourhood Development and International Cooperation Instrument (NDICI), which becomes the main route for cooperation with third countries and to implement the international commitments under the 2030 Agenda for Sustainable Development and the Paris Agreement. Within this framework, it was agreed that 25% of the funds should contribute to climate objectives, although the European Parliament has proposed 45%.

Several uncertainties remain regarding the application of NDICI in the coming years. On the one hand, the focus on the EU’s foreign policy objectives, particularly on security, defence and migration, as well as the prioritisation of a geographical application of funds (more than thematic), can mean underfunding of countries with greater support needs for climate mitigation and adaptation (CAN, 2020). On the other hand, it is not clear how the contribution of 25% of funds to climate action and environmental protection in NDICI’s geographic and thematic programmes will be assessed, since this is only a general objective.

In this context, the narrow focus on climate action must be extended to criteria that favour support for comprehensive and environmentally sustainable solutions (biodiversity, restoration and resilience of ecosystems, agroecology, local approaches, etc.) and safeguards must exist to prevent support for actions inconsistent with sustainable development (use of fossil fuels, overfishing, polluting industries, production that causes deforestation and loss of biodiversity, etc.). NDICI programming should be based on the partner countries’ climate objectives and policies, ensuring balanced financing of mitigation/adaptation/losses and damages, giving priority to the poorest and most vulnerable countries and communities, and promoting broad participation by the various actors (including civil society). Finally, NDICI must incorporate strong provisions on human, social and environmental rights in its programming process and include monitoring and complaint mechanisms. This is particularly relevant in the context of the European Fund for Sustainable Development (FEDS+), and it is necessary to further clarify the rules, criteria and mechanisms to ensure that organisations and companies that benefit from this support fully comply with environmental, social and human rights standards in the places where these activities are carried out (CONCORD, 2020).
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1.3. THE INCONSISTENCY OF FINANCING FOSSIL FUELS

There are still several inconsistent practices that end up representing an obstacle to climate mitigation, also undermining long-term economic, social and environmental objectives.

The world remains very dependent on coal, oil and natural gas, and governments support these sources of energy more than renewable energies, despite the fact that, worldwide, they have committed to phase out fossil fuels subsidies – to the extent that the Paris Agreement itself stipulates that financial flows must be aligned with low emissions and climate-resilient development. Direct subsidies for the consumption of fossil fuels have been on the rise since 2016, reaching around $400 billion USD in 2018, globally – which represents more than double the subsidies allocated to produce renewable energy. If we consider all types of support for fossil fuels (such as favourable tax provisions and preferential treatment for cost recovery), the International Monetary Fund refers to a total of more than $5 billion USD of support annually, corresponding to more than 6% of the world’s GDP.

The fossil fuels lobby has been particularly active in a pandemic period, with a recent research having concluded that its action in Australia, Canada, the United States and the European Union, between March and June 2020, was largely successful in influencing the planning of the recovery from the pandemic, either in the delay or postponement of climate legislation, or in access to funds that favour the production of fossil fuels over other sectors.

This lobby is well known in European Union institutions. A study reveals that only five large oil and gas companies, together with their Brussels-based pressure groups, spent more than 250 million euros, between 2010 and 2018, lobbying at the EU, namely, to delay or weaken climate action (CEO et al, 2019).

Although the EU is a world leader in combating climate change, several European infrastructure projects based on fossil fuels persist and many Member States are not preventing investments in fossil fuels at the pace necessary to comply with the Paris Agreement. The European Green Deal does not eliminate fossil fuels, but rather assigns a prominent role to carbon trading, which continues to allow major polluters to slow down the transition and grants funding for some solutions that can also have very damaging effects on the environment.

In several national plans for economic recovery in times of pandemic, there is a noticeable subservience to the interest of fossil fuels companies – as in Italy or Estonia - and, institutionally, there is an increasing pressure to relax environmental standards in areas such as agriculture, transport or industry as a faster way to recover the economy. In addition, the position of some Member States that have consistently opposed to the gradual withdrawal of fossil fuels production, such as Poland and the Czech Republic, is well known.

Various civil society organisations have called for greater transparency in the European Union, namely in conflicts of interest (job rotation between European institutions and fossil fuel companies), the elimination of partnerships and preferential treatment to these industries. Another related aspect, advocated essentially by civil society at global level, is the call for large fossil fuel companies to pay compensation for their profits to those who suffer the adverse effects of climate change. This would be a practical application of the “polluter pays” principle, although it faces strong resistance from these companies and the countries that protect them.

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14 “A 5 Trillion Dollar Subsidy: How We All Pay For Fossil Fuels”, Forbes, 02.06.2020. To see the types of grants and support, visit www.caneurope.org/publications/blogs/1278-fossil-fuel-subsidies.
16 Several organisations have signed an appeal to the Portuguese Presidency of the EU to put the public interest ahead of the interests of fossil fuel companies, not giving in to the pressures of this lobby or accepting any type of sponsorship from this industry. The letter can be consulted at https://corporateeurope.org/en/please-sign-our-letter-upcoming-portuguese-eu-council-presidency-today.
17 For an analysis of support for fossil fuels in the EU, see Ferguson, 2020. On several occasions, the European Parliament has already called for the adoption of concrete measures, including a schedule for the phasing out of fossil fuels subsidies.
18 In this regard, see “A grey deal? Fossil fuel fingerprints on the European Green Deal”, Corporate Europe Observatory, 07.07.2020, and “Fossil-fuel lobbying behind EU hydrogen strategy”, EURobserver, 08.07.2020.
19 ee, for example “How the fossil fuel industry used Covid-19 to derail the EU green deal”, Friends of Earth Europe, 05.10.2020.
It is also necessary to highlight that, in addition to the persistence of subsidies to fossil fuels at global level, there is a difficulty to fix carbon prices consistent with the Paris targets or to create carbon taxes. Although there is a global positive evolution, with the expansion of the coverage of this price fixing and with several countries launching carbon taxes or starting to implement emissions trading systems (ETS), most of the global emissions are still not covered by this price fixing – only 25% of emissions are - and the prices set by the countries that adopt this instrument are well below what would be desirable to achieve the internationally agreed global warming target. The World Bank, the IMF, the OECD and the United Nations have considered carbon pricing as a key instrument to lower emissions and transition to a low-carbon economy, and this could be an important measure within the scope of the review that countries must carry out in 2020 on their Nationally Determined Contributions, under the Paris Agreement.20

1.4. OUTSOURCING OF COSTS AND IMPACTS: WHEN SOLUTIONS ARE ALSO HARMFUL

The European Union aims to be a world leader in combating climate change, having put green growth at the heart of the development envisaged for the European space, through the European Green Deal approved in late 2019 and developed through a set of legislative and financial instruments. The decline in GHG emissions in the European Union, the recent approval of new climate targets for 2030, or the foreseeable approval of a Climate Act are positive signs that should be noted. However, these instruments are essentially domestic, and their objective is to “trace a path towards a just and socially fair transition” (EC, 2019), being mostly silent on the impacts of these measures on developing countries.

In certain cases, the climate ambition and the need to reach some targets has resulted in an outsourcing of the factors that produce more harmful effects for the environment, “exporting” these factors to third countries, with less regulatory capacity and weak technical or financial capabilities to better respond to these challenges.

This is clear, for example, in the relocation of carbon-intensive investments and industries to developing countries. In this context, we know the polluting impacts of the textile industry, with several European multinationals relocating their production to Asian countries over the past decades, where environmental and social rules are less tight. In other industries, production in European territory was replaced by a relocation and consequent import of highly polluting products from developing countries (particularly from China), such as steel or cement, thus showing positive results of reduced emissions in European countries.

There is also a lot of evidence about the impact of the export of garbage / solid waste to developing countries, which, in the case of European countries, is cheap and allows to meet targets for recycling and treatment of waste. Indeed, it is common practice in developed countries to export large quantities of solid waste, namely electronic waste and plastics, to developing countries, where the lack of capacity and control leads to inadequate treatment — for example, the incineration of toxic plastics, the illegal burning of waste, the disposal in open dumps or inappropriate storage — with increasingly harmful local impacts in terms of pollution, contamination of soils and water resources, public health, etc.

The European Union and the United States are the main exporters of plastic, with the EU exporting around 150 thousand tons of plastic waste per month to countries outside the European space, in early 2019 (AEA, 2019). The increase in these flows has led several developing countries, especially in Asia, to impose greater trade restrictions and even to return large quantities of waste to the exporting countries. In May 2019, 180 countries agreed to include plastic in the Basel Convention, the international instrument that regulates the export of hazardous solid waste. This greater difficulty in exporting these problems by European countries will necessarily result in the implementation of alternative ways of managing plastics, more consistent with climate action and in the construction of a more robust circular economy in Europe (AEA, 2019).

The outsourcing of environmental costs also includes, for example, the export of polluting products and materials that no longer comply with European standards, such as motor vehicles: between 2015 and 2018, 14 million vehicles were exported globally, of which 80% to low- and middle-income countries (and more than half to Africa), which do not comply with EU emission rules and emit 90% more harmful gases than newer vehicles.

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21 EU GHG emissions fell by 24% between 1990 and 2019, while the economy grew by 60% in the same period (AEA, 2020).
22 This issue is explained, for example, in “You’ve Heard of Outsourced Jobs, but Outsourced Pollution? It’s Real, and Tough to Tally Up”, Brad Plumer, New York Times, 04.09.2018.
23 Developed countries send, annually, about 23% of this waste to developing countries. See “What Can We Do About the Growing E-waste Problem?”, General Earth Institute, 27.08.2018.
24 See “By exporting trash, rich countries put their waste out of sight and out of mind”, CNN, 29.09.2019.
25 See “Why some countries are shipping back plastic waste”, BBC, 01.06.2019.
26 “Shipping plastic waste to poor countries just got harder.” National Geographic, 10.05.2019.
27 See, for example, New UN report details environmental impacts of export of used vehicles to developing world, Press Release, UNEP, 26.10.2020.
In addition, the environmentally unsustainable im­pacts caused by the production cycle of certain products considered “environmentally friendly” are known, such as the high environmental cost of inputs, manufacture and disposal of electric cars, especially their batteries. For the extraction and exploitation of various natural resources – such as cobalt or lithium – not only the environmental impact is neglected, but also economic and social rights of populations already vulnerable, poor and/or at risk of social exclusion. In Sub-Saharan Africa, there are several examples of harmful impacts of these explorations, at environmental level – with the threatened biodiversity, the polluted and destroyed ecosystems, the disfigured landscapes –, at social level – with the forced removal of populations from their communities to install these explo­rations, non-compliance with social protection and decent work standards by several resource-exploit­ing companies – and at economic level – with the presence of “enclave economies” with no impact on improving the lives of communities or the sur­rounding socioeconomic fabric. In view of the great growth in demand for this type of raw materials and the generation of waste, the European Union has recently introduced more stringent environmental requirements for battery and electric cars manufacturers, although they will only come into force in a few years and nothing is foreseen regarding the impacts already caused in the poorest countries.

The production of renewable energy also enters this equation, namely the European Union’s focus on increasing biofuels to reduce the intensity of GHG emissions from fuels. The problem is that they have had the adverse effect of encouraging the destruction of land rich in biodiversity and carbon in various parts of the world, without the EU being concerned with the indirect change in land use, which motivates the destruction of areas with forest and causes higher emissions. Indirectly, these mono­cultures also end up causing greater scarcity and increasing the price of agricultural products locally, causing social and food security problems in countries with weaker economies. Recently, the EU rec­ognised the negative impact of palm oil, deciding to abandon it for biofuel production by 2030, but there is the possibility that palm oil could simply be re­placed by soy, with similar effects.

28 Developing countries pay environmental cost of electric car batteries”, UNCTAD, 22.07.2020.

With recent measures to increase the EU’s climate ambition – including new climate targets and the implementation of the European Green Deal, the EU is still preparing to impose a “Carbon Border Tax” on imports from 2023 – that is, where the tax rate depends on the carbon emissions associated with the production of imported products. This will have major impacts on developing countries, where it could become a “climate sanctions regime”, which does not respect the principle of “common but differentiated responsibilities”, since these countries are unable to comply with many of these rules. While European and international institutions financed infrastructures based on fossil fuels, and that Western multinational companies have invested in the oil and gas extractive industry in these countries, placing them on a growth path based on increased emissions, this punishment of countries due to their emissions seems incoherent and unfair.

In short, the advances in climate action in the EU and the fulfilment of the environmental targets defined by the European space must consider the effects generated by the outsourcing of these impacts, both in environmental terms, and at the economic and social level. In particular, measures to impose tighter sustainability criteria at EU level should be accompanied by policies that help raise standards globally, in order to avoid outsourcing export costs and unsustainable practices. The European Union must also take advantage of the implementation of the European Green Deal to dialogue with partner countries and establish partnerships that favour a joint contribution to protect the planet.

1.5. SYNERGIES: THE COMBINATION OF CLIMATE AND SOCIAL JUSTICE

It must be ensured that the poorest and most vulnerable do not pay the highest bill for the costs of climate change or the necessary climate action. The figures for GHG emissions reveal important global inequalities: in the world, in a period (1990-2015) when annual GHG emissions grew by almost 60%, and when accumulated emissions doubled, the richest 10% in the world (630 million people) were responsible for 52% of carbon emissions, and the poorest 50% (3.1 billion) only for 7% (Oxfam, 2020c).

In the European Union, emissions have fallen, but not in the richest 10%, so the GHG reductions are the result of the efforts of citizens with medium income and especially those of lower income. This means that, in Europe, to achieve the goal of limiting warming to 1.5ºC, the wealthiest 10% of Europeans will have to reduce the carbon footprint 10 times, while the poorest 50% will only have to reduce it by half. However, nothing is said about these inequalities in the European Green Deal, nor about the need to ensure that the greatest effort does not fall on the poorest and most vulnerable.

The recognition that the climate crisis perpetuates unequal economic, social and political systems and that it is necessary to implement effective responses that are consistent with those inequalities is the purpose of climate justice. In this sense, compliance with the principle of “common but differentiated responsibilities” and the support and protection to the poorest and most vulnerable to climate change countries, social groups and communities seems to be a necessary priority for international cooperation in this matter, so as not to leave anyone behind. And for social justice to be reinforced, aid and investment flows must also fall within criteria, rules and mechanisms that ensure high environmental and social standards and respect for human rights (see item 3.2.) and the costs and impacts of climate policies should not be outsourced to developing countries (see item 3.4.).

Synergies are evident, as public policies and financial flows for climate action can enhance the reduction of inequalities, provided that changes in energy, land use, housing or transport systems are
implemented in order to mitigate inequalities in access to resources, services, jobs and opportunities. Sustainable and fair transformation may also create many opportunities for decent employment and new opportunities for small and medium-sized enterprises, as long as the necessary frameworks are created and a consistent commitment to training and education is ensured. Several examples of local initiatives also demonstrate that people, anywhere in the world, easily adhere to more sustainable options when they feel that this is positive for their communities and when their concerns are included in these processes.

The undeniable urgency of the climate crisis cannot, therefore, make us forget the need to address in an integrated manner the various dimensions of sustainable development (economic, social and environmental) and to put people at the centre of the transition to carbon neutral economies that are resilient to climate change. Increased public awareness and mobilisation for climate action also underline the interconnected nature of the climate crisis with crises in justice and democracy, with the actions of civil society and public opinion in general evolving towards an increasing demand for fair and inclusive climate action, focused on people’s aspirations for a dignified life on this planet.  

With the acceleration of the transition, we will be able to see the implementation of more measures and projects that fulfil the climate objective but do not take into account the impacts on employment, human development, poverty and social exclusion. In the European Union, the social and human impact of implementing the European Green Deal, the future Climate Act, a Climate Adaptation Strategy or all the guidelines and directives that make up the Climate and Energy Package is not yet properly addressed, neither internally nor externally. The focus is mainly on mitigating GHG emissions, with little debate about what the consequences are for social justice and weak attention paid to the benefits of inclusive “bottom-up” approaches (from households, neighbourhoods and communities).

The instruments and funds for the application of the European Green Deal must include mandatory criteria and measures focused on the social dimension and based on rights, such as provisions on impacts

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30 See, for example, Climate Transitions Won’t Happen without Social Justice and Greater Democracy, World Resources Institute, 16.10.2019.
on human development, requalification of workers for the energy transition, creation of green jobs, provisions on decent work, incentives for the conversion of the activities of small and medium-sized enterprises, social protection measures, among other. On the other hand, the European Social Pillar, approved in 2017, still has a weak implementation and lacks a concrete impulse for an effective link between the social and environmental pillars, which favours mutual gains. The instruments of economic governance in the EU – such as the European Semester, in which Member States align their national budgetary and economic policies with the rules and objectives set at EU level – do not yet fully integrate sustainable development, such as the Sustainable Development Goals and the European Green Deal. In addition, in the recovery from the COVID-19 pandemic, the approved instruments must combine climate action and social justice in an integrated manner, in order to promote a simultaneously inclusive and sustainable recovery.
In view of the analysis carried out, it is proposed that Portugal uses the possible means and decision fora in which it participates to defend, in a consistent and systematic way:

1. That the European Union and its Member States eliminate practices that are inconsistent with sustainable development. This implies:

1.1. That the fulfilment of climate and environmental targets is not achieved at the expense of an outsourcing of costs and impacts to developing countries, reinforcing European legislation in this sense and also the capacity of the European space to respond effectively to these issues (namely through the circular economy).

1.2. Incorporating mandatory sustainability criteria that eliminate all external public funding — namely development aid and investment through the EU’s External Investment Plan and the European Fund for Sustainable Development — that undermines climate action, particularly for projects that are not climate resilient, that include unsustainable management of natural resources or that focus on carbon-intensive activities in partner countries.

1.3. That direct or indirect subsidies and support to fossil fuels be totally eliminated by 2025, progressively increasing support for the incorporation of renewable energy and clean technologies, both internally and externally — this includes not only financing, but also other instruments as legal requirements for public procurement, effective application and increase in carbon taxes, fiscal policies, incentives in the green bonds market, etc.

1.4. That carbon neutrality be a binding target for all Member States, and that interim climate targets and the corresponding policies/measures be compatible with the purpose of limiting global warming to 1.5 degrees Celsius and consistent with the route necessary to achieve the objective defined for 2050 (total decarbonisation of the economy).

1.5. That the implementation of sectoral policies that are truly relevant to sustainable development, such as agricultural and food, energy, trade, fisheries, among other policies, are subject to systematic assessment (in their definition and implementation) of their coherence with sustainable development, at European level, in developing countries and globally.
2. That **climate finance and development aid** from the European Union and its Member States be adequate, both in quantity and quality. This implies:

2.1. Reinforcing their contribution and multilateral action to reach the international target of $100 billion USD/year to help developing countries to combat climate change, including advocating for greater focus on the poorest and most vulnerable countries and communities (particularly the Less Advanced Countries – LAC and island developing countries) and more funds for adaptation.

2.2. Ensuring that climate finance within the scope of Official Development Assistance consists of new and additional funds, without jeopardising development aid budgets for human development and social sectors in the poorest countries.

2.3. Ensuring that development aid for climate purposes meets the specific priorities and needs of partner countries and is more and more directed towards increasing the long-term resilience of the poorest countries to external shocks (including the development of their capacities and skills, the institutional framework and a favourable environment for more effective policies).

2.4. An improvement in predictability, coordination and transparency of financial support, capacity building and transfer of knowledge and technology to developing countries, also ensuring that financing does not contribute to the worsening of the debt of the poorest countries.

2.5. Establishing and supporting partnerships with developing countries and regions in areas of common interest to increase the impacts and synergies, such as sustainable financial reform, clean transport, sustainable waste management, carbon markets and other instruments for carbon price fixing outside Europe and internationally.

3. That the European Union pursue a greater balance and **combination of climate action with social justice**, which implies that:

3.1. The definition and implementation of climate policies at European level - including the future Climate Act, the Climate Adaptation Strategy, the Climate and Energy Package, among others - integrate the issue of inequalities in the impact of climate change and the policies themselves, namely on poverty and social exclusion.

3.2. The instruments and funds for the application of the European Green Deal include criteria and measures focused on the social dimension and based on rights, namely provisions on human development, requalification of workers for the energy transition, creation of green jobs, incentives for the conversion of the activities of small and medium-sized enterprises, social protection measures, among others.

3.3. The European Social Pillar be promoted and implemented, with concrete actions to be agreed at the Social Summit to be held in May 2021 during the Portuguese Presidency of the EU.

3.4. Be assured that European investments abroad are not made at the expense of the rights of the poorest and most vulnerable, but they fully respect human rights and contribute to extending the benefits of green growth to all people – this includes the legal requirement for social and environmental accountability of companies, which for now is only optional and strategic, and the respective mandatory monitoring of their activities and externalities in less developed countries.

3.5. Climate and development policies of the EU and of Member States contribute to the implementation of the 2030 Agenda for Sustainable Development, including and mainstreaming the Sustainable Development Goals in both policies, funds and related instruments.
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Because we advocate for gender equality as an intrinsic value to Human Rights, any reference to the masculine form shall also include the feminine where applicable, in order to guarantee respect for gender equality also in writing.

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