<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>MESSAGE FROM THE CEO</td>
<td>2</td>
</tr>
<tr>
<td>OUR ROLE &amp; STRATEGY</td>
<td>4</td>
</tr>
<tr>
<td>PROGRAMME OVERVIEW</td>
<td></td>
</tr>
<tr>
<td><strong>Power Programme</strong></td>
<td>8</td>
</tr>
<tr>
<td>Spotlight on Germany: <em>Agora Energiewende</em></td>
<td>12</td>
</tr>
<tr>
<td>Spotlight on Poland: Facing Up to the Challenges</td>
<td>14</td>
</tr>
<tr>
<td><strong>Energy Efficiency Programme</strong></td>
<td>18</td>
</tr>
<tr>
<td>Spotlight: Taking Stock of Europe's Building Stock</td>
<td>22</td>
</tr>
<tr>
<td><strong>Transport Programme</strong></td>
<td>24</td>
</tr>
<tr>
<td>Spotlight: Beyond Oil</td>
<td>26</td>
</tr>
<tr>
<td><strong>EU Climate Policies Programme</strong></td>
<td>28</td>
</tr>
<tr>
<td>Spotlight: Making Progress on &quot;Hot Air&quot;</td>
<td>32</td>
</tr>
<tr>
<td><strong>Global Climate Policies Programme</strong></td>
<td>34</td>
</tr>
<tr>
<td>Spotlight: Green Growth Best Practice Initiative</td>
<td>36</td>
</tr>
<tr>
<td><strong>Energy Strategy Center</strong></td>
<td>38</td>
</tr>
<tr>
<td>2012 AT A GLANCE</td>
<td>40</td>
</tr>
<tr>
<td>TOWARDS A LEARNING ORGANISATION</td>
<td>42</td>
</tr>
<tr>
<td>FURTHER READING</td>
<td>46</td>
</tr>
<tr>
<td>FINANCIAL OVERVIEW</td>
<td>48</td>
</tr>
<tr>
<td>SUPERVISORY BOARD</td>
<td>49</td>
</tr>
<tr>
<td>LEADERSHIP TEAM</td>
<td>50</td>
</tr>
</tbody>
</table>
As we look at developments over the past year, it is clear that we are not yet winning the battle to mitigate climate change. On the one hand, the science on global warming, and particularly on the man-made contribution to climate change, is firming up. On the other hand, growing global energy demand, increasing emissions from coal in most regions, slow-to-no progress on an international agreement to limit emissions, and the elusive global carbon price all point at massively increasing risks for humanity. We have not even found a way to secure no-regrets moves such as meaningful investments in energy efficiency.

Carbon concentration in the atmosphere is already closing on 400 parts per million, which gets us awfully close to exhausting the “450 ppm carbon budget” associated with the 2 degree Celsius warming threshold. At today’s 0.8 degree of warming, we are already seeing a marked increase in the frequency of extreme weather events, including droughts, floods, and record temperatures. And the costs already associated with these extreme weather events reach into the hundreds of billions of euros.

All too many people say this is no problem relative to our other priorities: dealing with economic and fiscal crises, addressing competitiveness concerns, securing jobs in the business-as-usual world. But we at the European Climate Foundation (ECF) find these comments as reflecting purely short-term thinking, even cynicism.

We believe we must explicitly address the nature of risk we are ready to bear. At what level of risk would you let your child play in the street knowing that a car might hit him or her? Would you still let your child play in the street if there was a 50% probability of being injured? A 30% probability? What about 10% or 5%? As a parent, even a 1% risk seems unacceptable to me.
There are very few people who argue seriously that we are not facing at least a 10% risk of catastrophic consequences from man-made global warming. However, this risk is being ignored as the consequences are likely to affect future generations or those in distant regions most severely. It is this combination of short-termism, lack of systemic thinking in a connected world, and lack of moral clarity that makes climate change such a hard problem to solve.

At the ECF we draw hope and confidence from the fact that the necessary transformation from a high-carbon to a low-carbon economy starts with many small steps. And we are heartened by the many successful steps that we ourselves are leading or supporting. These successful first steps lay the groundwork for bigger and bigger steps as the transformation picks up speed.

Having strengthened our capabilities and performance over the past year, we are convinced that we can make an even bigger contribution in 2013. And next year’s anticipated improvements in organisational effectiveness and programme strategies will provide the basis for even greater leaps in subsequent years. This is the description of an exponential curve, which at some point will cross any linear line. So against the linear business-as-usual mode, we are setting the vision of an exponential curve of growing capabilities, a strengthening network, and an increasing momentum for change.

This annual report will give you an overview of progress by the ECF and our network of funders and partners as we engage in critical sectors and countries to overcome the climate change challenge. We look forward to your comments, feedback, and collaboration as we strive for that exponential path of change.

"Addressing climate change is not about undertaking a few projects here and there. It is about transforming the economy towards green growth and a much more natural resources-efficient pattern of growth. The ECF is a highly effective – and cost-effective – way to make an impact in the climate change space."

> Caio Koch-Weser, Vice-Chairman of the Deutsche Bank Group and member of the ECF Supervisory Board

Johannes Meier
Chief Executive Officer
European Climate Foundation
I appreciate the ECF’s valuable work and the connections it has built up across Europe. I hope that other donors will recognize this value and see that investing in tackling climate change is our most urgent priority.

– Mary Robinson, President of the Mary Robinson Foundation – Climate Justice and member of the ECF Supervisory Board

OUR ROLE & STRATEGY

The global context for climate change mitigation has become more challenging in recent years with the economic and financial crises (which in turn have stressed technocratic decision-making processes in the European Union), the polarisation of politics in many countries, the uncertainty around global negotiation processes post-Copenhagen, the significant power shift towards the BASIC countries, and major fallacious attacks on climate science and renewable energy by sceptics, fossil-fuel interests, and parts of the media.

Meanwhile, new practical challenges are emerging: most notably, the need to double investment in energy infrastructure in the coming decades, the development of new coal capacity outside but serving the EU, and the design of a new energy system in Germany without nuclear baseload.

It is no longer enough for the ECF to focus on the best policies, the what of climate change mitigation; we must broaden our scope and also engage in the how of governance and implementation as the key drivers of success.

We see the ECF as one of many players in a complex ecology of stakeholders, activities, cultural memes, and interests all along the policy funnel. Armed with a detailed understanding of the political and power dynamics in this ecology, we must step back and objectively identify the leverage points that promise the best return on philanthropic investment and therefore justify our engagement.

Given the huge number of options, what are the most effective venues and strategies for influencing decision-making and how should we prioritise our resources? This resource prioritisation is the most important core process of the ECF, involving both deep research on alternative spending options as well as judgement and learning on which big bets work best in mitigating climate change.
Our strategic choices determine the character of the organisation. As the ECF aims to be a credible and distinctive voice in the climate field that adds value to its partners, we must build the capacity and skills to manage our interactions with a variety of constituencies: funders, grantees, political actors, public administrations, industry, competing lobbies, technology innovators, civic initiatives, the media, and others. Each of these players has its own agenda and different concepts of performance.

To succeed amid this wide ecology of constituencies, the ECF must be able to take a higher-level strategic view and clearly demonstrate our value-added through clarity of orientation, persistence, flexibility, and responsiveness. Our portfolio of initiatives must balance depth of strategy with high-quality improvisation. Most important, implementation of our strategy must lead to major, verifiable mitigation of climate change in Europe.
OUR GRANTEE COMMUNITY
We view Europe as a laboratory for the world on how to handle the transformation from a high-carbon to a low-carbon economy. Overall we believe that Europe is in a privileged position to demonstrate the feasibility of decarbonisation without sacrificing prosperity. This has been verified in multiple studies, not least in the ECF’s Roadmap 2050 and Power Perspectives 2030 analyses.

Based on our experience to date, we have learned that policymakers tend to see coalitions combining stakeholders from business and civil society as most valuable, since they transcend the typical polarisation of lobbying by business groups and single-cause advocacy by civil society groups.

Moreover, as we monitor implementation of policies, we pay special attention to investment flows. The ECF cannot directly influence the availability of private finance or the development of technologies. However, both benefit from policy interventions as investors seek stable policy frameworks as a context for their decisions.

We aim to be the smartest place in Europe for philanthropic investment in climate change mitigation strategies. To that end, the ECF takes on different roles as needed. Where there is not sufficient capacity in the field, we try to build that capacity over the medium term and fill the short-term gap through consultancies and at times through our own project leadership. The latter is especially important in the feasibility phase of new initiatives. In all of our relationships, the ECF strives to add strategic value beyond our financial contributions to the field. The depth and quality of our partnerships with our grantees, funders, advisors, and other players in the field are critical to our success.

> Dr. Gunhild Stordalen, Chair, Stordalen Foundation and GreeNudge, and member of the ECF Supervisory Board
Programme Overview

Recognition of the Need for a 2030 Framework

2012 marked a major milestone for the ECF’s flagship, multi-year Roadmap 2050 project, as we contributed to official recognition of the need for an EU climate and energy policy framework for 2030 and its inclusion in the Commission’s 2013 work plan. The goal of this 2030 framework is to take the next steps – with a 2030 horizon in mind – towards achieving the vision of a prosperous, low-carbon society by 2050.

Together with our core working group, which includes utilities, NGOs, transmission systems operators (TSOs), equipment suppliers, and policymakers, we are now helping to define options for 2030 in a process called “Roadmaps to Reality”. Just as our earlier efforts on Roadmap 2050 and Power Perspectives laid the groundwork for the Commission’s own reports (Roadmap for moving to a low-carbon economy in 2050 and Energy Roadmap 2050), we at the ECF are confident that this next phase of work will contribute to shaping the EU policy agenda.

As well as recognising the need for a 2030 policy framework, in 2012 the Commission published communications on renewables and the internal energy market. These communications lay out the opportunities and challenges that renewables policy and the completion of the internal energy market face on the road to 2050, and they frame the policy space for next steps in 2013 and beyond. In addition, all three key EU institutions continued to negotiate a deal on the financing of grids as part of the proposed €50 billion Connecting Europe Facility. These efforts were shaped with input from multiple ECF grantees and create a progressive foundation for future policies.

Power Programme

The Power Programme aims to decarbonise European electricity generation by 2050, by replacing unabated coal-fired power with renewables and flexible low-carbon back-up. To support this transition, we work to strengthen civil society platforms and capacity to shape energy market reforms and policies that enable investment in renewables and grids.
The ECF’s leadership and convening authority have created a unique and influential platform to effectively advance clean energy solutions across Europe. RAP’s engagements with the ECF’s wonderfully able and committed staff, and the growing community of ECF experts and grantees, have enabled us to accomplish much more than we ever could have alone.

> Richard Cowart, Director of European Programmes, Regulatory Assistance Project

* These official roadmaps now form the basis of the European Commission’s planning and have been accepted by 26 EU Member States.
Country Focus

The Power Programme focused much of its 2012 efforts on Germany and the United Kingdom, the two geographies where significant progressive policies are being developed, and on Poland, where political elites are actively undermining the case for decarbonising the power sector both at home and in the EU. Getting the policy signals right in all of these markets is critical to realising the goals set out in Roadmap 2050.

- In Germany, the ECF’s joint project with the Mercator Foundation to set up the Agora Energiewende— a neutral forum for planning the country’s transition to a high share of renewable energy resources following the decision to exit nuclear energy by 2022—has made huge strides since its kick-off in April 2012. For a detailed description of our groundbreaking work in Germany, see page 12.

- In the UK, the government developed an energy bill that was put to Parliament in late 2012. The ECF and grantees hope that the final bill will contain provisions for a power-sector decarbonisation target consistent with the recommendations of the UK Committee on Climate Change and a performance standard limiting CO₂ emissions of individual power plants. The final shape of the energy bill will be apparent later in 2013.

- And in Poland, the shift from total reliance on coal to low-carbon options will take time, but after four years of work on the ground we are starting to see positive signs of our impact. The sidebar on page 14 profiles our programme there and the results to date.

Third-Party Evaluation Results

In 2011, the Children’s Investment Fund Foundation (CIFF) and OAK Foundation commissioned URSUS Consulting to evaluate the ECF’s Power Programme efforts. The URSUS team used a combination of quantitative and qualitative approaches to survey more than 200 individuals representing four groups: our targets— the people we seek to influence; bellwethers such as key academics and commentators; seasoned advocacy strategists in different fields; and our own ECF teams, core partners, and grantees.

URSUS presented the results of its survey in September 2012, with generally positive findings. Respondents saw our work on
EU power sector decarbonisation as extremely important and noted that the political context has become substantially more challenging and that the risks could be mitigated by timely changes. *Roadmap 2050* was seen as a key intervention, and *Power Perspectives 2030* also got positive feedback from all four respondent groups. The Renewables Grid Initiative (RGI), a project that the ECF supports via the Smart Energy for Europe Platform (SEFEP), was named a gem in the third-party review. Within the RGI, NGOs and TSOs have agreed how to build grids fast and without damaging nature and are now developing joint pilot projects.

In response to the URSUS recommendations, we are:

- Increasing collaboration – creating small high-performing teams with clear objectives and accountability;
- Growing our talent pool and encouraging secondments;
- Improving programme metrics;
- Stepping up our focus on Poland and adding France to the power team portfolio; and
- Organising a Power Day in 2013 with all relevant partner organisations, during which we will come together to strategise and share key lessons.

**Stopping Unabated Coal**

The decarbonisation goal of the European power supply has far-reaching implications for the role of thermal capacity in the system. In the long run, fossil-fuelled capacity must be equipped with carbon capture and storage (CCS) technologies. The ECF is therefore underlining the risks associated with new unabated coal plants to investors along with the importance of further CCS development.

**Where Next? The North Sea**

Following in-depth project scoping in 2012 with E3G and SEFEP, we developed a new initiative on renewables and grids in the North Sea. We see this initiative as a potential game changer, since the Member States abutting the North Sea – such as the UK, the Netherlands, Germany, Denmark, Sweden, and Norway – represent some of the EU’s biggest carbon emitters and biggest economies. Developing coordinated grid and offshore wind policies could be a very big win in terms of CO₂ savings but also in terms of understanding the regulatory and investments barriers to such an integrated large-scale project – and one that is scalable across Europe and globally.

> Karla Hill, Director of Programmes, ClientEarth

“We won’t win a low-carbon green economy without organising. The ECF is an organiser! Convening, coordinating, facilitating, and connecting, the ECF is a key partner in a community of actors committed to climate solutions in Europe and globally.”
For Germany, where a deeply acrimonious battle over nuclear power had been raging for three decades, Japan’s Fukushima nuclear meltdown in March 2011 was not only a human, economic, and environmental disaster, it was a fundamental cultural shock to the system. Within weeks, Germany’s leaders made a decision to phase out nuclear power, permanently shutting down eight of the country’s 17 nuclear reactors immediately and pledging to close the rest by 2022.

If no nukes, then what are we arguing about?

Germany already had tough climate and energy targets in place, with the goal of achieving full decarbonisation by 2050. With nuclear off the table and carbon capture and storage (CCS) extremely unpopular among Germany’s population, that meant the country was headed toward almost 100% renewable electricity – a very ambitious long-term target but no clear pathway to get there. It also meant that the NGOs and industry associations that had been at loggerheads for years no longer had a reason for confrontation.

Soon after the Fukushima disaster, the ECF and our partner, the Mercator Foundation, recognised the need to restructure the policy field in a healthy way so it could influence and help map Germany’s Energiewende – the transition to renewable energy, energy efficiency, and sustainable development over the next 35-40 years. Our vision was to establish a neutral platform and a thoughtful process that would bring all the relevant stakeholders to the table, involve decision-makers from the very beginning, enable a high-level exchange of ideas, and eventually foster a convergence of views around how to achieve the long-term target. The team driving this new forum would highlight the latest scientific research and intelligence, explore options, and develop sound pathways towards the end-game in 2050, thereby facilitating policy decision-making.

First things first: find the money

The first step toward establishing what we called the Agora Energiewende was to line up initial funding of €12 million from the ECF and the Mercator Foundation for a five-year programme. Agora is the Greek word for “marketplace,” and that’s the spirit of what we wanted to create: an open forum where all parties could raise and debate a variety of ideas.

Once the funding was secured, our next step was to assemble an expert team to support the process. In the first half of 2012 we hired nine people – experts on infrastructure, market design, and renewables – as well as a prominent director (former German Secretary of State Rainer Baake) who ensures we can bring high-level people to the table. A communication specialist joined the team in early 2013 as the tenth member of the Agora team.

In parallel, we set up the 28-member Council of Agora, which includes three federal ministers, several members of Parliament, two secretaries of state, and many high-level representatives from energy-intensive companies, big and small utilities, environmental and consumer organisations, science, and trade unions.
How it works

The council meets behind closed doors four times a year – typically for three hours of discussion followed by dinner – and exchanges information between meetings. In advance of the meetings, the Agora team prepares and circulates discussion papers on specific issues and always based on the latest scientific research. The meetings are designed to encourage a frank, open debate (Chatham House rules apply) through which participants can acknowledge their blind spots, achieve greater clarity and understanding, and advance beyond their incoming positions. There is no pressure to make decisions.

After the meetings, the briefing papers are used to inform discussions with other stakeholders (NGOs, umbrella organisations, journalists), thereby broadening the dialogue.

Progress to date

The Council’s first meeting was held in September, with a focus on designing the market to achieve the long-term targets. Twenty-five people took part – perhaps the most prominent, high-powered working group on energy policy that Germany has ever seen.

The second meeting occurred in late November, this time with the conversation focused on the real challenges of the *Energiewende*. As a foundation for this discussion, the Agora team published a document titled *12 Thesen* (insights). Two examples:

- “Variable power production from wind and PV are the two essential cornerstones of the *Energiewende* – and this is fundamentally changing the whole energy system.”

- “Flexibility is key to the transition. There are sufficient flexibility options, but we need effective ways to incentivise them.”

While it’s way too early to claim this experiment a success, we are pleased with how the Agora is progressing so far and impressed by how quickly – in just three months – it gained acceptance in the German policy arena. With the Agora slated to run through 2017 and German federal elections scheduled for September 2013 and 2017, the next four years will be a critical decision-making period. The test will be whether concrete policy ideas arise from the Agora and make their way into legislation.
Europe is not a homogeneous place. Along with countries like Germany, where awareness of climate change and willingness to act are very high, there is also Poland, one of the most industrialised countries in the EU and the biggest of the new Member States. With its troubled history and decades of reliance on coal, Poland is at the forefront of vigorous opposition to progressive climate policies. At the same time, it is one of very few European countries that is growing quickly amid the Eurozone and global economic and financial crises.

Where to begin?

The ECF started to work in Poland as early as 2008, with the goal of initiating a low-carbon transformation. At that time, Poland was characterised by an almost exclusively coal-fired power sector, widespread climate scepticism, a lack of facts, and extremely strong lobbying pressure from the energy industry players. We started with capacity building for civil society and creation of a reliable fact base to steer the discussion.

In 2009, we co-funded a major study by McKinsey & Company under the auspices of the Ministry of Economy, to identify Poland’s carbon reduction potential in the 2030 horizon. In 2012, we funded a “Poland 2050” study, in cooperation with our local partners, the Institute for Structural Research and the Institute for Sustainable Development. This study, to be published in early 2013, is a comprehensive, economy-wide analysis identifying pathways for building a low-carbon economy in Poland and the potential impact on the country’s economic development.

We have also worked hard to activate civil society around the issue. While environmental NGOs were our first target, we are also working with high-level experts – for example, supporting
The ECF plays a crucial role in strengthening the voice of Polish NGOs in the struggle for a more effective climate policy in our country. By delivering its cross-country experience, knowledge, reports, and advice, the ECF allows us to be a valuable player in the discussion of an emissions reduction strategy that would benefit Poles and the environment.

> Ilona Jedrasik, Polish Climate Coalition

the creation and operations of the Board for the National Program of Low-Emissions Economy, created by Deputy Prime Minister and Minister of Economy Waldemar Pawlak. The Board, under the leadership of Jerzy Buzek (who later became President of the European Parliament), gathered more than 70 experts in an effort to create a fact-based pathway for the transition to a low-emissions economy.

**Impact to date**

Shifting Poland from its reliance on coal will take time, but our four years of work are starting to yield dividends. The government’s firm commitment to energy efficiency, 2.6 GW of new wind power on-line, widespread solar collectors, and developing a renewables manufacturing industry in the country are the best illustrations that change is happening, along with a dramatic shift in attitudes among many politicians, the media, and the public at large. There are no longer any top-level politicians who would publicly question human-caused climate change. The media has shifted from publishing denials of climate change to articles calling for urgent action. From a stance of “no, because no” we have moved to “yes, but we worry about the impact on our economy”, which is already a starting point for discussion. Increasingly, opinion polls indicate that Polish society is aware of the problem and willing to act.

As evidence of this, the Polish Parliament unanimously acknowledged that it “recognises the need for an effective climate policy” in its resolution from October 12, 2012: “Global climate change is a serious threat to the environment and quality of life for future generations”.

The ECF’s advantage over other players in effecting change in Poland lies in our ideology-free, fact-based approach, our ability to
mobilise players from across civil society, and our ability to provide policy development expertise and support. Working together with a range of partners – not only NGOs but also representatives of the private sector, government, and media – we are able to achieve more than if we could by working with each partner individually.

To illustrate, in 2012 we were able to get a coalition of NGOs, private-sector representatives, government institutions, and the European Bank for Reconstruction and Development working together on unlocking the energy service company market in Poland. This will probably lead to creation in 2013 of a fund of €100-200 million to facilitate ESCO project development. The Regulatory Assistance Project (RAP) – an ECF grantee and ClimateWorks Network partner – signed a partnership agreement with the Polish energy regulator to assist in developing regulations that will strengthen the low-carbon transformation of the energy market.
Looking forward

Our priorities for 2013 are as follows:

- Finalising and promoting the “Poland 2050” study, building a solid basis for understanding how to manage a changing power mix. To that end, we are in dialogue with the private sector, government, experts, NGOs, and think tanks.

- Activating a range of civil society partners in discussion about the future of the Polish energy sector, both locally and nationally, and promoting changes in the energy and RES law.

- Concentrating on buildings efficiency through support to innovative financial schemes promoting passive houses, unlocking financial government support for thermo-

- renovation of existing building stock, developing further evidence on the benefits of efficiency, and constructing pathways to change.

- Given that the European Commission has designated 2013 as “The Year of Air”, we will also focus on air quality, building evidence on the health impacts of burning coal. This is a problem both at a national level because of coal-fired energy production as well as at a local level in major cities – mainly caused by burning of low-quality coal.
ENERGY EFFICIENCY PROGRAMME

Through a combination of technical analysis, campaigns targeted at policymakers, and public awareness building, the Energy Efficiency Programme strives for tougher efficiency standards for appliances and buildings. We believe that energy efficiency must be recognised and leveraged just as any other energy resource – and thus pursued and secured as actively as new energy supplies.

EU Energy Efficiency Directive

All of the ingredients for political victory – strategic thinking, collaboration among diverse stakeholders, and sustained engagement – were in place in the lead-up to and final negotiations on the EU’s ground-breaking Energy Efficiency Directive (EED), adopted in June 2012. And, at every step, the ECF and its ClimateNetwork partners – notably, the Regulatory Assistance Project (RAP) and the Building Performance Institute Europe (BPIE) – played a central role in the process.

The EED is expected to save the EU 96 megatonnes of oil equivalent (roughly 200 Mt of CO₂) per year in 2020, thereby reducing Europe’s energy consumption by 15%. According to the Danish government, the EED will save companies and consumers $425 million and create 400,000 jobs across the EU.

The International Energy Agency’s World Energy Outlook points at a cost-effective energy savings potential in buildings of 80% that remains untapped. The EED, the first and most comprehensive legislation of its type in the world, will help Europe tap that potential by requiring Member States to:

- Establish an energy efficiency savings obligation for energy suppliers equivalent to 1.5% of their previous year’s energy sales;
- Each year renovate 3% of the floor area of central government buildings to minimum energy performance standards (thereby making the public sector lead by example);
- Adopt a long-term building retrofit roadmap, including policies to stimulate deep renovations; and
- Facilitate the establishment of financing mechanisms for energy efficiency improvement measures.
Our involvement in this campaign dates back to 2009, when the ECF and the RAP commissioned a report, *Energy Savings 2020*, highlighting the existing gap in meeting the EU’s stated 20% energy savings objective. That report reinforced the potential savings from increased efficiency and recommended policy design options, laying the groundwork for our campaign to mobilise broad-based support and build sufficient political will to act on this issue.

Coalition for Energy Savings

The benefits of increased energy efficiency have been discussed for years, but until the ECF got involved about three years ago this discussion was largely confined to technical experts and narrow sectoral perspectives (e.g., mineral wool insulation manufacturers). Early on, we recognised the need to frame energy efficiency in tangible ways that people would care about, to link energy efficiency to the bigger picture — including climate change, economic competitiveness, job growth, poverty, and the reliance on imported fuel — and to make it a political issue, not strictly an environmental issue.

With that objective in mind, we set out to bring together a broad spectrum of constituencies (trade unions, industry and consumer groups, NGOs) in a coalition that could effectively advocate for policy change with a united voice. The result was the Brussels-based Coalition for Energy Savings, co-founded in late 2009 by the ECF and eight progressive industry groups.

It took a few years to build trust among the members, but by 2011 the coalition was ramped-up, ready, and well-equipped to coordinate advocacy efforts on the EED legislation. In fact,

> Jan te Bos, EURIMA; chairman, Coalition for Energy Savings

Meaningful and ambitious climate and energy policy is one of the main instruments to put the EU on a path of lasting sustainable competitive growth. The ECF’s knowledge-based, sound scientific approach has definitely made a valuable contribution to ensuring that Europe gets its priorities right!
over the last year it became a one-stop shop for the European Commission as EC policymakers sought input and support for the EED.

The Coalition now comprises 26 member organisations representing more than 400 associations, 150 companies, 15 million citizens, 1.5 million employees, and 1,000 cities and towns in 30 countries across Europe. It has evolved from a 50:50 funding split between the ECF and industry members in the early years to a sustainable business model based on membership fees and an effective governance structure that others seek to emulate. The RAP and BPIE serve as technical advisors, while ECF-supported NGOs and consultants provide the horsepower for the Coalition’s advocacy and communication strategies.

Looking forward, we understand that the projected savings under the EED will be realised only if countries implement the legislation to its full intent. Making this happen will require continued pressure and expert input by the ECF and our partners in the field.
Meanwhile, the debate on a 2030 climate and energy package for Europe has begun, and we are striving for a coherent and mutually reinforcing framework – with a binding target for reducing energy demand front and centre. Based on our experience with the EED, we know that it’s never too early to start building consensus on issues that may seem very far down the road.

Ecodesign and Energy Labelling Directives

In partnership with our ClimateWorks Best Practice Network partner, the Collaborative Labelling & Appliance Standards Programme (CLASP), the ECF has been working to drive adoption of stringent efficiency standards and labelling requirements for appliances and equipment with the highest energy savings potential. Our goal is to ensure that EU standards for these product groups are higher than international best practice and that labels reflect the best available technologies. The potential energy savings from standards and labelling of appliances and equipment is estimated at 400 Mt of CO₂ in 2020, which is the same amount as the EU Emissions Trading Scheme is expected to yield.

As of end-2012, five regulatory measures covering three of our target product groups were adopted or close to adoption: ecodesign (minimum energy performance standards) and energy labelling regulations on domestic clothes dryers; an ecodesign regulation on water pumps; an energy labelling regulation on electrical lamps and luminaries (directional and non-directional lighting); and an ecodesign regulation on directional lighting. The combined estimated savings from these measures are projected at about 31.8 TWh (12.5 Mt CO₂) by 2020.

Looking forward, new regulations on other products (e.g., televisions, industrial refrigerators) are expected in 2013, but progress on boilers and water heaters remains challenging. Together with our partners, we are also starting preparations for a revision of the Labelling and the Ecodesign Directive, which is scheduled for 2014.

The ECF staff have a very good overview of the energy efficiency situation and see and exploit links with other fields. I’ve also been impressed with the ECF’s skill in unassumingly building up a network of NGOs and business interests. The main result – the Brussels-based Coalition for Energy Savings – had a significant impact on the negotiations on the EU Energy Efficiency Directive.

> Brook Riley, Friends of the Earth
Europe’s buildings emit 36% of CO₂ emissions in Europe, and energy consumption by this sector has been increasing in recent decades. EU policymakers have long recognised the importance of energy-efficient buildings in mitigating climate change – starting with the Energy Performance of Buildings Directive (EPBD) in 2002 (revised in 2010) and most recently with the 2012 Energy Efficiency Directive (EED). But capturing that potential has posed a challenge.

While the efficiency of new buildings has improved over time, most of Europe’s existing building stock – over 90% of the total – has yet to be affected by energy performance requirements. Member States have a high degree of freedom in implementing EU regulations, and implementation frequently falls short of the intent of the legislation – i.e., saving energy and reducing greenhouse gas emissions. Moreover, while countries have to report their implementation progress to the EU, these reports often are not detailed enough and/or paint an overly rosy picture. It is very difficult to get a realistic view of how and to what degree policies for the building sector have any impact. At the same time, statistical data about the energy performance of buildings and related indicators is patchy at best in most EU countries.

**Step 1: Get the data**

Without detailed, relevant information about building energy performance and implementation at the country level, policymakers will not be able to monitor whether regulations and programmes have the intended effects, implementing agencies will not have sufficient information about best-practice strategies, and businesses will not be able to plan their activities in a strategic way. Creating transparency and delivering reliable information is therefore essential for the development of a well-functioning market for energy efficiency in buildings across Europe.

Recognising this situation, BPIE undertook a European survey in 2011 to collect all relevant data about the building stock and to document the state of policy implementation. The results, covering all 27 EU member states as well as Switzerland and Norway, were summarised in a report titled *Europe’s Buildings under the Microscope*.

**Step 2: Make the data accessible**

In 2012, BPIE went the next step, developing and launching *www.buildingsdata.eu*, a comprehensive website containing all the facts and figures collected for the 2011 study, including energy statistics as well as information on key legislation, financial schemes, and building code requirements. This interactive data hub gives EU and national policymakers, technical experts, building professionals, researchers, academics, consultants, NGOs, and others concerned with building energy efficiency the ability to access country profiles, search specific parameters, generate overviews and graphs...
as well as screen the underlying data. The tool also allows for cross-country comparisons and cost-free downloads.

**Step 3: Fill the gaps and connect the dots**

While the new website (see screen shot above) represents a huge advance in knowledge sharing, there is still much work to be done. BPIE’s 2011 study revealed significant data gaps, which it is now seeking to address. In the coming years, BPIE will:

- Monitor implementation of key legislation related to the energy performance of buildings, mainly the EPBD and EED, as well as related programmes and initiatives.

- Document the effectiveness of these policies in improving the energy performance of buildings, by collecting relevant data about the building stock.

- Create transparency about best-practice implementation of policies by documenting and sharing relevant activities in member states.

- Support Member States in fulfilling their reporting obligations to the European Commission by working closely with the European Commission and forums like Concerted Action to align its survey design with the reporting requirements.

- Time the survey process and design the questions to fit the policy cycles and reporting requirements defined in the legislation.

- Add new aspects to the survey as appropriate.

By strengthening the development and implementation of buildings efficiency policies that work, these efforts will help reduce CO₂ emissions in Europe.
Europe has the opportunity to become the global leader in highly fuel-efficient vehicles and zero-carbon cars by 2050. With that goal in mind, the Transport Programme is pursuing the step-by-step establishment of stringent fuel efficiency legislation that will put Europe on a clear path to decarbonisation.

2020 CO₂ Standard for Cars

In the past, the Commission has relied heavily on the auto industry for data on the cost of technology designed to reduce CO₂ emissions from cars. As a result, estimates of the cost of meeting emission reduction goals for 2015 have been excessively high. The ECF and its partners, such as T&E, foresaw the same problem in early 2012 during preparations for the legislative proposal of fuel efficiency standards for cars in 2020.

This time, however, the auto industry’s monopoly on this data was broken when the International Council on Clean Transportation (ICCT) published a detailed “tear-down analysis” of the additional cost for Europe’s car fleet to reach the 2020 standard. The ECF ensured that the ICCT research – which demonstrated that stricter CO₂ caps would in fact be cost-effective, with a much shorter payback on investment than previously foreseen – made maximum impact in policy circles. The payoff: stakeholders were properly informed before the Commission launched a robust proposal in July to cut
CO₂ emissions from cars by 27% by 2020. Now, consumer groups fully support strict CO₂ standards based on the argument that consumers will win.

Maintaining a constructive dialogue with consumers, leasing companies, environmental groups, and progressive industry will remain a priority for the ECF during the coming months of political discussions before the 2020 standard is set in European law.

In addition, we have convened a working group to look at the macro-economic impact of reducing CO₂ emissions from cars and vans, first through fuel efficiency, and later through a shift to advanced technologies such as hybridisation, electrification, and hydrogen. The interim results – to be published in early 2013 – are encouraging, suggesting that our 2025 policy goal of a 70g CO₂/km target will result in around 700,000 new jobs in Europe. (The EU auto industry already employs five million people directly plus seven million indirectly.) This will provide a powerful advocacy message for our allies in the months ahead.

**Sustainability Criteria for Biofuels**

In October, a long-running campaign to highlight the indirect impacts of biofuels derived from food crops came to fruition when the Commission proposed that the EU should cut in half its previous 10% biofuels target for 2020. At the same time, the Commission put forth some new incentives for creating less damaging biofuels from wastes and residues.

Prior to this breakthrough, the Commission had faced heavy pressure from the producers of the dirtiest biofuels to ignore evidence showing that most biodiesel is actually worse than fossil fuels, as a result of its indirect effects. Those indirect effects include deforestation by farmers looking to expand their cropland so they can cash in on palm oil or soybean biodiesel.

For more than two years, ECF Energy Strategy Center staff and transport grantees kept the spotlight on this complex policy debate, using freedom of information requests and court action to ensure a steady flow of information to the media. Eventually, the public airing of the scientific evidence made it impossible for the biodiesel industry to continue its campaign of misinformation. This allowed the Commission’s climate and energy directorates to forge a relatively tough legislative proposal.

The next step will be to keep pressure on the EU Parliament and Member States to reinstate new carbon-accounting rules that would help to incentivise producers of the best biofuels and penalise the worst.

> Claudia Maiwald, director, Verkehrsclub Deutschland (VCD), Germany

*With their strategic approach and experienced team, the ECF are great partners to further develop our work for more climate-friendly transport policies in Germany.*
As the ECF’s transport team tackles the policy debate around CO₂ targets for cars in 2020, it has also become engaged in an even more complex and challenging debate about the steps that follow after 2020. Studies commissioned by ClimateWorks and the ECF show that improvements to the internal combustion engine and weight reduction will be enough to reach the proposed CO₂ standard of 95g/km in 2020, while increasing hybridization will take us to 70g/km.

But what are the limits of these current technologies? And at what point will we need investments in energy infrastructure to support a fleet of vehicles running on alternative energy sources, such as electricity and hydrogen? These are answers we need today, if we are to stand a chance of setting 2025 and 2030 targets for cars during the current policy debate, and also to counter misinformation spread by carmakers that oppose the CO₂ regulations.

It is already clear that biofuels from food crops will not play a significant role in decarbonising passenger road transport. There are rising concerns that such fuels contribute to volatility in commodity prices and increase pressure on land and water resources, while not contributing significantly to CO₂ reduction. With the United Nations predicting we will need to feed a global population of 8 billion in 2030, this issue will only become more pressing. Second-generation biofuels from scrap and waste could play a positive role, but their use might be restricted to aviation and trucking because of limited availability.

The answer to lowering the CO₂ impact of cars surely lies in progressive efficiency improvements, including increased capture and storage of waste energy, just as is already happening today in the batteries of hybrids. Mass deployment of hybrids will also put downward pressure on the cost of battery technologies, improving the cost profile of plug-in electric vehicles.

In addition, we know that increasing urbanisation in Europe and mounting concerns over the health impact of soot particles tip the balance further in the favour of zero-emissions vehicles.
But this is not enough to be certain that electrification of road transport holds the key. Many questions remain unanswered:

- Will battery electric vehicles ever play more than a niche role in city commuting and car-sharing schemes? Or will new ownership models change the very way we move from A to B?

- How can first-mover disadvantages, especially for providers of new infrastructure, be overcome?

- What is the likely impact on the economy and labour markets of such a fundamental overhaul of the transport system?

- And what kinds of incentives are needed to help consumers cope with the front-loaded cost of owning such advanced technology vehicles?

With these questions in mind, the ECF is reaching out to other major stakeholders in this transition – carmakers, auto technology providers, labour unions, motorists, and environmental NGOs – in the search for a shared vision of a society beyond oil.
EU CLIMATE POLICIES PROGRAMME

The EU Climate Policies Programme aims to provide the direction and ambition needed for Europe through clear targets in line with science and an adequate price on carbon.

Increasing Europe’s Climate Ambition

Ever since the European Union adopted its “20-20-20” package in 2008, the ECF has supported activities calling for and justifying a higher overall greenhouse gas mitigation target for 2020 relative to 1990. Our aim has been to increase the target for GHG reductions from 20% to a full 30% of domestic effort. While there were debates over this proposal in 2012, it has been effectively blocked in Council by the Polish government. Despite the difficult political context, the ECF will continue stressing the need to increase the target for 2020, as well as set an ambitious one for 2030.

Strengthening the Emissions Trading System

The Emissions Trading System (ETS) is the flagship of EU climate policy. However, in its current form and against the background of an economic recession the ETS does not deliver the necessary price signals for creating significant mitigation impact. Over the past few years, the ECF – in conjunction with grantees such as CAN Europe, Greenpeace, Sandbag, and WWF – has built a case and mobilised support among utilities and several Member States for strengthening the ETS. A first step toward that goal came in November 2012, when the European Commission introduced a temporary fix to prop up carbon prices, along with a report on the state of the carbon market that lays out six options to address the current surplus of carbon allowance credits.

Several of these options include measures long advocated by ECF grantees: an increase in Europe’s 2020 target, a strengthening of the linear reduction factor, restricting access to international offsets, and permanently cancelling a number of allowances.

While the battle ahead remains difficult, we are encouraged by the increasing acknowledgement that the 2020 target for
Influencing Climate Funding at the EU and National Levels

Our strategy is to link and coordinate climate advocacy work at the national level and at EU level in order to maximise the leverage. To support this strategy, we undertook the following activities in 2012, in line with previous years:

- We developed advocacy resources and provided assistance to national and EU environmental NGOs by facilitating the exchange of information and mobilisation of civil society around specific EU policy demands.

- We established strong partnerships and alliances with other civil society organisations. For instance, together with the Institute for European Environmental Policy (IEEP) we reached out to national and European authorities and communicated recommendations for a greener budget and Cohesion Policy spending. As a result, three countries – the Czech Republic, Slovakia, and Latvia – increased their funding allocations for EU climate projects.

- Our grantees raised public awareness of how EU funds are being spent through a number of very successful campaigns. For example, CEE Bankwatch ran a competition for the best ideas contributing to sustainable development at the community level in eight EU Member States. Likewise, the “Well Spent” campaign, designed by CEE Bankwatch, Friends of the Earth Europe, and WWF, disseminated a citizens’ guide to EU spending and a video promoting positive examples to provide a model for planning the 2014-20 Cohesion Policy.
As a result, the fingerprints of an advocacy coalition including CEE, Bankwatch, CAN-E, Birdlife, WWF, and others were visible in a number of official policy documents:

- In the EC communication “A Budget for Europe 2020”, the coalition’s calls for higher allocation and new indicators for climate action, the mainstreaming of climate and biodiversity proofing, and stricter conditionalities were satisfied. More importantly, they were operationalised in subsequent proposals for Cohesion Policy regulations.

- The coalition received cross-party support in the European Parliament for stricter (ex-ante) climate-proofing of programmes and project proposals financed by the Cohesion Fund or the European Regional Development Fund.

- Also in the European Parliament, the coalition focused on the report on Cohesion Policy (the Pieper report) and influenced the vote of the Committee on Regional Development (REGI) against the inclusion of fossil fuel infrastructure in regional development funds. Its advocacy efforts also led to an increased budget share for low-carbon measures, the Connecting Europe Facility, and TEN-T Guidelines draft reports and improved provisions on revenue-generating projects to incentivise user charging and equal treatment of cleaner transport modes.

The “Well Spent” campaign, created by CEE Bankwatch, Friends of the Earth Europe, and WWF, aims to counter critics by providing positive examples of EU Cohesion Policy investments to date. Watch the video at www.wellspent.eu.
Shaping Energy Tax Reform

- We commissioned a study by Vivid Economics, titled *Carbon taxation and fiscal consolidation: The potential of carbon pricing to reduce Europe’s fiscal deficits*, that explains how energy tax reform could yield more revenues at lower cost than other options and presented the findings to government officials in France, Spain, Germany, Hungary, and Poland. That message has been well received and has helped spur several governments to consider reform options.

Strengthening Implementation of EU Environmental Regulations

Over the course of 2011, ECF grantee ClientEarth worked to influence the Commission to step up implementation and enforcement of European environmental law. Specifically, ClientEarth argued for greater investigation and inspection powers, legally binding rules on how to handle complaints and infringement cases, and greater transparency about the status of legislative implementation and individual infringement cases.

This advocacy work was reflected in the Commission’s March 2012 Communication, “Improving the delivery of benefits from EU environment measures: building confidence through better knowledge and responsiveness”. In this paper, the Commission acknowledges “serious implementation concerns” and broadly estimates the cost of not implementing current legislation at around €50 billion a year in health costs and direct costs to the environment.

More to the point, it calls for more systematic approaches to collecting and sharing knowledge at the EU and national levels and for enhancing responsiveness to environmental problems at a local level. Recognising that proper implementation requires reliable, easily accessible knowledge of the legislation to be implemented, measures taken, and gaps to be addressed, the Communication provides ideas on how to improve systematic knowledge collection and dissemination. It also proposes initiatives for improving inspections and surveillance, criteria for how Member States should deal with citizen complaints, more access to justice in environmental matters, and support for European networks of environmental professionals.
For the past four years, negotiations over the issue of surplus assigned amount units (AAUs) – commonly referred to as “hot air” – have been stalled at both the European Union and international levels. Within the EU, the old and new Member States were split over the possibility of using their full stock of AAUs. At the international level, meanwhile, the Russian Federation, Ukraine, and Belarus advocated for keeping their surplus and all rights to use it. The stakes were high, since a decision to allow the surplus AAUs to enter into circulation could potentially wipe out the emission reduction effects of further commitments achieved under the Kyoto Protocol even beyond its first commitment period, to 2020.

In 2012, the ECF’s EU and Global Climate Policies programmes co-sponsored a successful effort to resolve the trading of AAUs within the EU, which in turn enabled international resolution of this issue. Thanks to nine months of intensive work led by three ECF grantees, culminating in a breakthrough agreement in December at Doha, we were able to significantly restrict the amount of hot air that could enter the international regime to 2020.

The initiative kicked off with two months of research and analysis to establish the scale of the problem, map the positions of key actors within the EU, and explore the potential solutions to bridge the divide between old and new Member States. From May through July, the team then tested these ideas with both sides with the aim of softening their extreme positions – a difficult task. To strengthen the message for EU political decision-makers, they cooperated with CDM Watch and CCAP to commission an independent study from PointCarbon, which received wide press coverage and was circulated among EU experts on the hot air issue. The team also built relationships with international negotiators and supported the development of a strong position within G77 countries that in turn pressured the EU to come up with an internal solution.
The turning point came in November, with the recognition that not having a unified EU compromise position in the Doha negotiations could trigger a last-minute collapse of the Doha talks – because of the EU. The informal EU ministers’ meeting in Doha finally agreed on a position close to the compromise proposed by the ECF grantees.

All in all, the agreement at Doha managed to curtail the use of surplus AAUs within the Kyoto Framework. No surplus inherited from the first commitment period will compromise the level of ambition of the second commitment period. The next step is to settle the joint implementation mechanism rules in a way that ensures environmental integrity. While there is much work to come before we can declare full victory, particularly for the post-2020 period, resolution of this long-standing contentious issue has created a more congenial atmosphere for making real progress within the EU as well as for tackling the non-EU large-emitter countries carrying hot air, specifically Russia and Ukraine.
Towards a More Productive International Policy Environment

Against a very challenging political and economic backdrop, 2012 was a year of transition for the ECF’s Global Climate Policies team. During this time, we stepped back and took stock of how we might work more effectively to enhance international cooperation on climate policymaking. Following Durban and Doha there was renewed momentum around the aim of achieving a legally binding global regime on CO₂ emissions by 2015, accompanied by uncertainty among the philanthropic community on what it could do to really make a difference — to encourage countries to take action, both individually and collectively.

Working closely with strategic partners WRI, IDDRI, E3G, Carlo Jaeger, and Simon Zadek, we scoped about a dozen project opportunities for funder consideration. These proposals focus, for example, on enhancing the EU-China dialogue on the low-carbon economy, exploring options for a global deal with progressive clubs of countries, and creating a Southern think tank to serve as a hub for policy and political analysis.

In addition to laying out ideas for collaborative funding in 2013-15 – which are now being translated into concrete projects – we also made practical contributions on two other fronts, described below.

Launching the UNEP Emissions Gap Report

As with previous versions, the ECF supported the third edition of the Emissions Gap Report, authored by experts from around the world and published under the auspices of the United Nations
The ECF was instrumental in initiating UNEP’s Emissions Gap Report, and it remains instrumental in the implementation. The ECF’s substantive input has been first class and very important for the whole process and the successful outcome.

> John Christensen, Director, UNEP Risøe

Environment Programme (UNEP). It is now the most authoritative reference on where countries stand on fulfilling their commitments to climate change mitigation. Important input was provided by the Climate Action Tracker, an analytical assessment by Ecofys, Climate Analytics, and the Potsdam Institute for Climate Impact Research, which we have been supporting for several years.

In the latter half of the year, we worked closely with UNEP to orchestrate a high-profile launch of the 2012 report. Our planning and support of launch events in Beijing, Brasilia, Brussels, Doha, and London in November/December enabled UNEP to achieve much greater media attention and impact than would have otherwise been possible.

Looking forward, the German government and UNEP have recognised value of this effort and agreed to fund the ongoing work. We will continue to support content development.
As human-induced climate change, environmental
degradation, and resource scarcity threaten the sustainability
of our economies and habitats, numerous industrialised and
developing countries are preparing climate-resilient, green, and
low-carbon growth plans. To date, however, there is limited
knowledge-sharing and learning between countries or between
donors and doers.

Since 2011, the ECF has been working to increase coordination
among the many national and international initiatives focused
on green growth, with the hope that accelerating knowledge
sharing among these players would accelerate development and
deployment of growth-friendly plans to address climate change.
That effort came to fruition in September 2012 with the formal
launch of the Green Growth Best Practice Initiative (GGBP),
which comprises 15 leading environmental and development
cooperation organisations.

The GGBP aims to help governments strengthen the quality
of green growth planning and implementation by facilitating
the exchange of knowledge and insights on policymaking best
practices from around the world. To that end, the GGBP is
conducting a rigorous evidence-based assessment of proven
practices and lessons from planning processes, analytic
approaches and tools, policy and programme design, and
implementation of green growth programmes with a particular
focus on overcoming inertia of the political economy. Teams
of authors are working collaboratively to gather and assess
experiences with green growth at all levels of government and
all regions of the world.

With a project timeline of 18 months, running through March
2014, the GGBP encompasses three workstreams and nine
priority topics as depicted at right. For each topic, one or two
lead authors and up to seven contributors will be responsible for
contributing a chapter for the synthesis report to be published
in early 2014. Additional end products will include a well-
structured communications process, to ensure that appropriate
information gets in the hands of the right policymakers and
influences activities at the country level.

Besides the ECF, the GGBP is supported by the Global Green
Growth Institute and the Climate Development and Knowledge
Network. Getting this multi-faceted effort off the ground was
a major achievement for the ECF, given the complexity of the
issue and the number of players involved. As always, our role
is to facilitate and complement what is already out there – to
strengthen the field, not to replicate or compete.
### GGBP Workstreams and Priority Topics To Be Addressed

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<tr>
<th>Work Streams</th>
<th>Topic</th>
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<tr>
<td>Analysis and Planning</td>
<td>1. Benefits: What approaches have been most effective for building a case to embark on a green growth plan?</td>
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<td>2. Process Design: What green growth planning processes have achieved stakeholder buy-in and integration with national programs?</td>
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<td>3. High-Level Vision and Option Analysis: What methods for evaluating alternative green growth options have worked best?</td>
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<td></td>
<td>4. Goals and Baselines: What approaches for defining baselines and setting goals have been most effective?</td>
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<tr>
<td>Policy and Program Design</td>
<td>5. Policy Design: What types of green growth policies and policy design approaches have proven to be most effective?</td>
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<td></td>
<td>6. Public-Private Partnerships: What government and industry partnerships have rapidly scaled up investment and private sector leadership?</td>
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<td>7. Financing Strategies: What types of policies and measures have been effective at accelerating private and public investment?</td>
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<tr>
<td>Implementation</td>
<td>8. Monitoring and Evaluation: What are best practices with monitoring impacts and feeding results into policy learning and implementation?</td>
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<td></td>
<td>9. National and Sub-National Integration: What approaches to coordinating national, regional, and local action have been most effective?</td>
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In 2012, the ESC worked to build a well-coordinated international communications network among all those in a position to tell a fact-based climate-change story. This network makes professional communications capacity available to the field, provides rapid-reaction capability in sync with 24-hour news cycles, and serves global and national media with international angles. Thanks to these efforts, the team was able to mount an increasingly successful defence of climate science and to orchestrate several major media and advocacy campaigns in support of critical policy goals pursued by the ECF sector and policy programmes.

Defending Climate Science

The ESC’s relentless focus on getting the facts about climate science into the media ensured that responsible journalists had access to scientific experts as well as the background they needed to write accurately about climate issues. This was the case, for example, around the EU launch of the IPCC report on extreme weather impacts.

Getting the Facts Out on Energy Efficiency

The ESC’s work to clarify the facts and keep them in the public eye through strategic use of the media was a critical contributor to passage of the EU Energy Efficiency Directive. We kept the media updated on key developments in the negotiations and made sure that issues were being aired publicly at times when they would have political impact — thereby ensuring that Member States couldn’t back off from their commitments. We also worked with the ECF’s partners to create a highly effective visual dashboard — the Gapometer — that measured the impact of each legislative measure on the EU’s ability to close its energy savings gap.
The ESC has done a great deal for the climate debate in Europe, ensuring the facts lead the debate as much as possible and making the case for the future prosperity of a low-carbon Europe.

> Connie Hedegaard, EU Commissioner, DG Climate Action

### Setting Tougher Car Emission Standards

Through the smart use of research, media outreach, and advocacy, the ESC had an important impact on winning the new car emissions standard. We ran a carefully planned advocacy campaign that ensured all the right people in the right institutions were aware of the key facts at the right moments. Moreover, we focused attention on the crucial question in the debate: How much would it cost per car to implement the necessary technology to limit CO₂ emissions to 95 grams per kilometre? In doing so, we helped ensure that the European Commission’s impact assessment reflected state-of-the-art thinking on technology costs.

### Promoting Practical Solutions to Decarbonisation

In the power arena, the ESC amplified the public voice of those promoting practical solutions to power sector decarbonisation. We laid the communications groundwork for the hard work that is yet to come — for example, by writing and placing many op-ed pieces and putting expert speakers on panels. In practical terms, we have prevented retrenchment on the 2050 targets by putting up a smart defence against well-funded industry opponents such as the gas industry, which spends roughly €900,000 a year on lobbying in Brussels.

### Priorities for 2013 and Beyond

Planning ahead for 2015 — the target for a legally binding international deal on climate change — is a big priority. In the run-up to 2015, there is a need to put sensible nationally focused strategies in place around the international process. To that end, we will continue our work to ensure that the facts about climate science rise to the top of the media and public debate. Importantly, we need to get people to understand that the threats are colossal, the timeframe is frightening, but all is not lost. Our goal is to get the entire climate community speaking with one voice and really move the needle on the idea of releasing our economy from dependence on fossil fuels.

The Gapometer is an interactive visual tool that helps users to understand the extent to which different measures in the Energy Efficiency Directive would close the EU’s energy savings gap. For more information and to try it yourself, please visit http://energycoalition.eu/measure-your-ambition.
Thoughout 2012, the ECF organised or supported many events together with its grantees and partners. This timeline highlights just a few of the most significant ECF-backed events (along with the relevant ECF programme logo), as well as key external developments in the climate change arena (in darker blue and tagged with the EU flag).

SEFEP metastudy launch: 2050 Power System Decarbonisation Visions

Commission proposal: "Reducing CO2 emissions from new passenger cars: modalities for reaching the 2020 targets"

Formal launch of Green Growth Best Practice Initiative

HEAL policy workshop: "How can we reduce air pollution to improve health?"

EU CLG report launch: Clean Energy Finance Solutions: Central & Eastern Europe

Ursus Evaluation of Power Solutions Programme

IDDRI/CEPS workshop for Commission officials on 2030 climate and energy package

EU CLG launch of The Carbon Communiqué, with Connie Hedegaard

Commission proposal: "Fuels and energy from renewable sources: transition to biofuels to deliver greenhouse gas savings"

Publication of IEA World Energy Outlook 2012

Commission proposal for stopping the clock on EU ETS

French national debate on energy transition begins

Launch events for UNEP Emissions Gap Report at COP 18 in Doha and major cities

T&E-sponsored breakfast debate at the EP: "Fuel-efficient cars: Good for the economy?"
What attracted you to the ECF?

I’ve been interested in climate change and the renewable energy industry for a long time, but it took me a while to make the leap from operations and financial services to a role where I could really pursue my passion. After going back to school to get my master’s in environmental management, I spent four years working on carbon-related projects for Det Norske Veritas, a Norwegian foundation that provides climate consulting services to public- and private-sector companies. While I enjoyed that role, I wanted to work for a non-profit organisation that had a direct impact on climate change. The ECF role – in the climate arena, in operations, for a pure foundation – seemed like the ideal position for me.

You’ve been on the job now for about five months. What are your early impressions?

It’s pretty much what I was expecting – no big surprises. The people here come from impressive backgrounds, and they are very good at what they do and very committed to the ECF’s mission. There’s a great team spirit, and it’s a highly collaborative environment.

When I started here, I interviewed about 15 people to understand what was working well and what could be improved at the ECF. Not surprisingly, because of the nature of the organisation, its relative youth, and the fact that it’s growing fast, there were lots of ideas about what needed to be improved – all positive and challenging. Based on what I learned, I prepared an operational work plan and presented it to our executive leadership team. Together we then agreed on priorities.

Let’s talk about those priorities and what you hope to accomplish over the coming year. But first, please tell us more about your role.

My responsibilities include overseeing all of the operational functions that are critical to any well-functioning organisation: human resources, finance, office infrastructure, IT. I’m also helping to design the processes that underpin our programme activities and affect all of our people – i.e., processes like grant-making, evaluation, budgeting, and people development. Simply put, my mandate is to provide tools to help people do their day-to-day jobs more effectively and ultimately enable the ECF to have greater impact.
As for my priorities, I’m aiming to create three things in my first year: (1) tools that allow for more transparent, accurate budgeting; (2) a multi-layer framework for evaluating our performance as an organisation; and (3) knowledge management tools and processes that allow us to work more efficiently, both within the ECF and across our network of partners.

How do you think about performance evaluation in an organisation like the ECF? What are the particular challenges?

Evaluation is difficult for an advocacy organisation like the ECF. We’re not like a business entity, which has clear key performance indicators (KPIs) such as sales and profits; our outputs are much harder to measure. And even if we’re doing all the things we need to do, many of the conditions required for success are simply not under our control.

In creating a multi-layer evaluation framework, our ultimate goal is to increase learning, not only within the ECF but throughout the climate community. We want to know what we can do to improve and to help others to improve. Our plan is share the results with grantees so we all learn.

What does the ECF evaluation framework look like, and what are we doing to put it in place?

We sought to create a framework that reflects the complex reality in which we work, taking into account the different political venues, policy cycles, and sector implications at the global, EU, and national levels. We intend to
evaluate our performance at six layers: against (1) the ECF’s own medium-term strategy, (2) programme and organisational KPIs, (3) initiative and state-of-the-world KPIs, (4) workstream KPIs and attributes, (5) grantee KPIs, and (6) specific grant KPIs.

So far we have defined KPIs for 2013, along with attributes for all workstreams. These attributes reflect performance in terms of five to ten measures of technical potential (e.g., CO₂ reduction, spill-over effect), policy priorities (e.g., policy cycle opportunity), and venue priorities (e.g., ECF familiarity, innovation potential). We have also created a “KPI matrix,” which will be used to evaluate each grant in a consistent way.

The next steps are to update our grant-making software system and create a portal so grantees can access our grants database, populate and monitor progress on KPIs/metrics, and ultimately see assessments from evaluators. We’re aiming to put this portal in place by mid-2013 for our key grantees.

We’re also planning to conduct one third-party programme evaluation per year. We kicked this off in 2012 with the URSUS evaluation of the ECF Power Programme – our very first assessment by an outside organisation. It was a good experience and a collaborative process with our partners – including SEFEP, E3G, and RAP. We learned that the evaluator needs to be very well placed in the field (as was URSUS), with access to the right people in the community. [For more on the URSUS evaluation, please see page 10.]

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**Why is knowledge management so critical to ECF’s work?**

If we want to address climate change before it’s too late, we can’t afford to waste time and money reinventing the wheel or duplicating resources. The climate community has a wealth of expertise and experience in different places; we need to raise awareness of these resources and find more ways to collaborate and share knowledge about the current state of play and our multitude of stakeholders.

One of the issues raised in many of my interviews was that we were working in siloes, with little information sharing except within the executive leadership team and the communication team. It was clear we needed to give people a sense of the big picture – insight into what everyone is doing – and to create tools and processes to facilitate sharing from the bottom up, top down, and across programmes. This was also true for knowledge capture and exchange beyond the ECF, across the broader ClimateWorks Network.

**What’s your vision for knowledge management in the ECF and the broader climate ecosystem?**

Our goal is to move from siloes to a fully integrated learning organisation, starting first within the ECF, then across our network of partners and grantees, and then across the wider community.

As a first step, we’ve adapted the ClimateWorks Knowledge Exchange (CWXX), a web-based platform with workspaces and wikis for groups and built-in social software (messaging, blogs), and customised it for use as the
ECF intranet. We rolled out the ECF CWKX system to our staff in early 2013 and plan to open it quickly to our network partners.

At the dashboard level, there’s a daily news feed, a place for leadership team members to post their weekly outlooks, and a master calendar of events: internal and external meetings, conferences, and presentations involving our own people as well as funders and partners. Having that kind of visibility enables us to shift from reactive to proactive mode, avoiding scheduling conflicts while finding opportunities to leverage what’s already going on. At the next level down, we will be building workspaces dedicated to each programme and project, funder management, grantees, and other interest groups.

**What are the particular challenges of implementing a knowledge management system in an organisation like the ECF?**

This is all about changing people’s habits and ways of working. We can’t force people to change – they need to see the upside and the added value. The idea is not to unleash a flood of information, and we’ve always got to be conscious of the need to balance cost with value. I’m confident that over the coming year we’ll see a dramatic reduction in the number of e-mails and an increase in experience sharing and collaboration.

**What else are you planning for the coming year?**

Systems like CWKX are helpful, but they have their limitations. We recognise that the best kind of knowledge sharing happens when you get people together in the same room, and we want to create more cost-effective opportunities for people across the network to meet. Our annual ECF staff retreats include not only our own people but our colleagues from ClimateWorks’ best-practice networks, and there’s great value in having this kind of event. But we need to host these not just once a year but on a regular basis.

In 2011, we moved our Berlin office into a “climate house” where we are co-located with other NGOs, think tanks, and foundations, and last year we established a similar setup in Brussels with eight partner organisations. This coming year, we plan to move our office in The Hague into a shared space as well. We have found that sharing meeting rooms (and a coffee machine) is a highly effective coordination mechanism, and one that also creates a sense of critical mass for the field.
FURTHER READING

Publications commissioned by the ECF or produced independently by our grantees and partners with ECF support.

POWER PROGRAMME

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Exploring The Practical Economics Of The Low Carbon Transformation, E3G, April 2012
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ENERGY EFFICIENCY PROGRAMME

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Biofuels – At What Cost? Mandating ethanol and biodiesel consumption in the United Kingdom, FoEE, FiFo, GSI, IISD, January 2012


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Land, Life, Justice: How land grabbing in Uganda is affecting the environment, livelihoods and food sovereignty of communities, Friends of the Earth International & FoEE, April 2012


Literature review on employment impacts of GHG reduction policies for transport, CE Delft, July 2012


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The GHG emissions intensity of bio-energy - Does bioenergy have a role to play in reducing Europe's GHG emissions?, Institute for European Environmental Policy, October 2012


Taxe Kilométrique Poids Lourds: enjeux et perspective d’un outil au service d’une politique de transports durables, France Nature Environment, December 2012

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The Emissions Gap Report 2012, UNEP, November 2012

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Mobiliser des financements innovants pour lutter contre le changement climatique au Mali, Sénégal, Togo et Benin, RAC France, November 2012

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2012 FINANCIAL OVERVIEW

- **Energy Efficiency Programme**: € 3,200,000
- **EU Climate Policies Programme**: € 4,022,000
- **Global Climate Policies Programme**: € 3,043,000
- **Transport Programme**: € 2,122,000
- **Power Programme**: € 7,195,000
- **Capacity Building**: € 742,000
- **Funds Allocated to Grants in 2013**: € 447,000
- **In-House Projects & Admin**: € 4,284,000
**SUPERVISORY BOARD**

**John McCall MacBain (Chairman of the Board)**
President, McCall MacBain Foundation and Pamoja Capital, its investment arm. Trustee of the Rhodes Trust (Oxford) and member of the Yale Advisory Board of the Center for Environmental Law and Policy.

**Susan Bell**
Senior Advisor at the Stanford Woods Institute for the Environment and Vice President of the William and Flora Hewlett Foundation (until June 2012). Also serves on the advisory board of the Nicholas Institute for Environmental Policy Solutions at Duke University.

**Michael Jacobs**
Economist, writer, and consultant on energy and climate change policy at the Children’s Investment Fund Foundation. Visiting Professor at the Grantham Research Institute on Climate Change and the Environment at the London School of Economics and in the School of Public Policy at University College London.

**Caio Koch-Weser**
Vice Chairman of the Deutsche Bank Group. Former Vice Minister in the German Federal Ministry of Finance. Previously served in senior positions at the World Bank.

**Kristian Parker**
Chair of the Oak Foundation and trustee lead on the Foundation’s Environment Programme. Marine biologist and member of Oceana’s founding Board of Directors.

**Charlotte Pera**
President and Chief Executive Officer of the ClimateWorks Foundation. Previously Senior Vice President and Director of U.S. Programs at the Energy Foundation.

**Mary Robinson**
President of the Mary Robinson Foundation – Climate Justice. Former President of Ireland and former UN High Commissioner for Human Rights.

**Gunhild Stordalen**

* In February 2013, the ECF announced the appointment of Caio Koch-Weser as the new Chair of the Supervisory Board, succeeding John McCall MacBain. John McCall MacBain, a co-founder of the ECF, has served as Chairman since the ECF’s establishment in 2008.
LEADERSHIP TEAM

Johannes Meier
Chief Executive Officer

Joerg Haas
Programme Director
Global Climate Policies Programme

Stephanie Boucher
Programme Director
EU Climate Policies Programme

Patty Fong
Programme Director
Energy Efficiency Programme

Rebecca Collyer
Deputy Director
Power Programme

Tom Brookes
Managing Director
Energy Strategy Center

Lalit Bhandary
Finance & Grants Manager

Bert Metz
Fellow

Arne Mogren
Programme Director
Power Programme

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Tom Brookes
Managing Director
Energy Strategy Center

Rebecca Collyer
Deputy Director
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John Ashton
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Transport Programme

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Director for External Relations

Mayta Villafane
Director Operations & Services
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**Low Carbon Facts**
www.lowcarbonfacts.eu
A toolkit of economic arguments on the low-carbon economy.

**Roadmap 2050**
www.roadmap2050.eu
Overview of the Roadmap 2050 project and contributing studies.

**CarbonBrief**
www.carbonbrief.org
Latest developments in climate science and fact-checking on climate.

**KlimaFakten**
www.klimafakten.de
Provides clear and easily understandable information about the facts of climate change to a German-speaking target audience.

**Energy Bill Revolution**
www.energybillrevolution.org
The campaign to improve energy efficiency in the UK, creating growth and jobs and lowering household bills.

**Sandbag**
www.sandbag.org.uk
Shines a light on what is really going on in emissions trading.

**EU Climate Policy tracker**
www.climatepolicytracker.eu
Presents up-to-date developments in climate and energy policies across the 27 EU member states.

**Cool Products**
www.coolproducts.eu
A campaign to set ambitious minimum requirements for energy efficiency and other environmental aspects of products sold in the European Union.

**The Coalition for Energy Savings**
www.energycoalition.eu
Brings together business, professional, and civil society associations to make the case for a European energy policy that places a greater emphasis on energy efficiency.

**The EU Ecodesign and Energy Labelling Policies**
env-ngo.eu-p-network.de
Provides official documents from NGOs on the European Ecodesign and Energy Labelling studies and implementing measures, covering energy-related products.

**Climate Action Tracker**
www.climateactiontracker.org
Independent science-based assessment tracking the emission commitments and actions of countries.

**Agora Energiewende**
www.agora-energiewende.de
Forum for planning Germany’s transition to a high share of renewable energy resources.

**BPIE Data Hub for the Energy Performance of Buildings**
www.buildingsdata.eu
Facts and figures on Europe’s building stock, key legislation, financial schemes, and building code requirements.