

# Climate action and EU funding



EUROPEAN  
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OF AUDITORS

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**Brussels, 15 October 2019**

# Coverage

- 1. Spending at least 1 euro in every 5 from the EU budget on climate action**
- 2. Relevant ECA publications**

# **1. Spending at least 1 euro in every 5 from the EU budget on climate action**

**ECA Special Report, November 2016**

# Climate Action 1 in 5: Main Audit Question:

... to determine whether the **target** to spend at least 20% of the EU budget on climate-related action is **likely to be** met and whether the approach employed is **likely to add value**.

# Not covered:

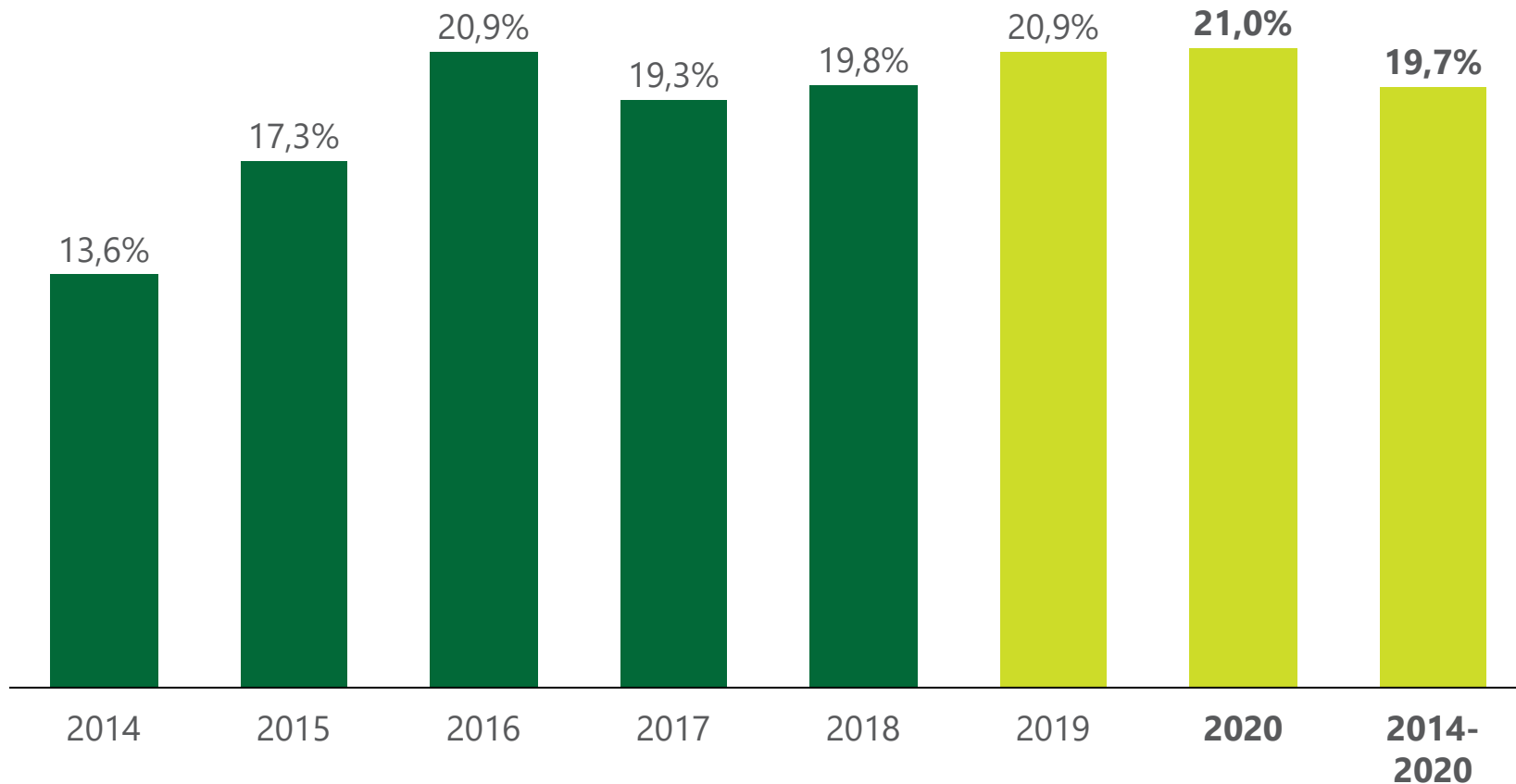
- Potential adverse environmental effects of EU budget
- Non-climate EU budget spending
- Other climate spending outside the EU budget
- Actual spending - Commission targeted planned spending

# Ambitious work underway, but serious risk of falling short

- Progress made
- More, better-focused, climate action funding in:
  - European Regional Development Fund
  - Cohesion Fund
- No significant shift towards climate action/not all potential opportunities fully explored:
  - Agriculture
  - Rural development
  - Fisheries
  - European Social Fund
- Research well short of 35% target

# Commission's estimation on budget allocated to Climate Action (as of September 2019)

Planned Estimation



# Findings: Agriculture and Rural Development

	<u>Euros</u>
■ Agricultural direct payments ➤ insufficient justification for assumptions	<b>-9 billion</b>
■ Rural Development ➤ overestimation	<b>-24 billion</b>
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■ Our re-estimations for CAP 2014-2020	<b>-33 billion</b>



# Agriculture and Rural Development: What more can be done?

- Increase climate action
  - develop new measures or retarget existing ones
- Correct over-estimation in Rural Development
- Use work on the future of the CAP

# Assessing the CAP objectives in future

- **Unknown** CAP contribution to 2030 40% (or even 50-55%) GHG reduction target?
- Contribution **depends on Member States' selections** of measures?
- Could **include GHG targets** in assessment of CAP National Strategic Plans?
- **Unrealistic** contribution: 40% climate marker for direct payments?

# Recommendations: summary

1. Robust multi-annual consolidation
2. Comprehensive reporting framework
3. Assessment of climate change needs
4. Correct Rural Development overestimations
5. Draw up Action Plans for low achievers
6. Develop indicators of actual spending and results
7. Ensure a real shift towards climate action

# 1 in 4 (25%) for the 2021-2027 MFF

- Commission proposed 1 in 4 spending on climate 20% to 25%
- European Parliament propose 30% no later than 2027

ECA Briefing Paper on Commission's proposal for 2021-27 (May 2018):

- Climate funding in CAP was overestimated in current MFF
- Mainstreaming had not changed some EU-funded activities

## 2. Relevant ECA publications

# ECA Publications – Energy, Climate Change, Agriculture, Sustainability

- **EU Emissions Trading System:** Special Report (July 2015)
- **EU action on Energy and Climate Change:** Landscape Review (September 2017)
- **Air pollution:** Our health still insufficiently protected: Special Report (July 2018)
- **EU system of measuring Vehicle Emissions:** Briefing Paper (December 2018)
- **European Fund for Strategic Investments:** Special Report (January 2019)
- **Energy Storage:** Briefing Paper (February 2019)
- **Sustainability Reporting:** Rapid Case Review (March 2019)

# Relevant Cohesion Publications

- **EU Transport sector:** Landscape Review (December 2018)
- **Cohesion post 2020 proposals:** Opinion (January 2019)
- **Allocation of Cohesion funding to Member States for 2021-2027:** Rapid Case Review (March 2019)
- **Wind and solar power for electricity generation:** Special Report (June 2019)
- **Delivering performance in Cohesion:** Briefing Paper (June 2019)

# Planned Publications

- Greenhouse Gas Inventories (Q4 2019)
- European Environmental Accounts (Q4 2019)
- Ecodesign and Energy Labelling (Q1 2020)
- New Technology in Agri-monitoring (Q1 2020)



# Possible Audits in Future

- Climate change and CAP
- CAP and water projects
- Energy efficiency in industry
- Emission Trading System post 2020

# Other Issues

- EU Carbon Budgets?
- Off-Balance-Sheet Finance?
- Actions against “bads”?
- Sustainable Development Goals (SDGs) reporting?
- Greenhouse Gas (GHG) Emissions: matter most.

**Thanks for listening.**

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