SOUND AND CONSISTENT CLIMATE PROOFING OF THE MFF 2021–2027

AN EU BUDGET TO ADDRESS THE CLIMATE EMERGENCY: HOW TO FUND A GREEN NEW DEAL FOR EUROPE
SESSION 2: WHAT LESSONS CAN WE LEARN FROM THE PREVIOUS MFF AND HOW DO WE MOVE FORWARD?

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CLIMATE PROOFING THE NEXT MFF

• EU MFF 2021-2027: €1.3 trillion

• In addition to climate mainstreaming, the entire EU budget + leveraged investments need to be climate proofed

• Investment choices taken today will be critical for achieving the mid- and long-term EU climate targets

• Early and consistent attention to GHG emissions would enable the implementation of better and more climate-friendly solutions

• EC Climate Proofing Guidance expected in November 2019
Climate proofing is **neither explicitly defined nor widely and consistently applied** across EU funds and programmes.

**Major infrastructure projects** funded by the European Regional Development Fund and the Cohesion Fund require the following procedures:

- **Mitigation**: Carbon footprinting and CO₂ shadow prices in cost-benefit analyses
- **Adaptation**: Vulnerability and risk assessment and adaptation responses

However, the **results usually do not significantly impact investment or political decisions**.
PROPOSED APPROACHES FOR CLIMATE PROOFING

- In the next MFF, climate proofing has a **broader scope** covering more funds and programmes
- However, **climate proofing is neither explicitly defined nor consistently applied** in EU budget proposals
- The InvestEU regulation proposal links the climate proofing concept to the **Sustainable Finance Taxonomy**
- **Amendments proposed by the EP** for the ESIFs could facilitate an effective climate proofing approach and serve as a methodological basis for all infrastructure related EU funds

**Overview of climate proofing in EC regulation proposals for the next MFF**

<table>
<thead>
<tr>
<th>EU Fund</th>
<th>Reference to EC guidance document</th>
<th>Resilience to adverse impacts of climate change</th>
<th>Cost of GHG emissions in economic evaluation</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERDF, CF</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Infrastructure investments with an expected lifespan of at least 5 years</td>
</tr>
<tr>
<td>CEF</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Supported projects where relevant</td>
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<tr>
<td>InvestEU</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Notably infrastructure; size threshold to be defined in EC guidance</td>
</tr>
<tr>
<td>IPA III, NDICI, OCTP</td>
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<td></td>
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</tbody>
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RECOMMENDATIONS
CONSISTENT DEFINITIONS

• Introduce a **consistent definition of the climate proofing concept** in the regulations for all relevant EU funds and programmes

• The Common Provisions Regulation could act as a regulation with **overarching rules** for all EU funds and programmes

• **Research funding** (Horizon Europe) and **agriculture spending** (CAP) also need to be aligned with sector-specific emission reduction pathways

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### CLIMATE PROOFING

- Energy efficiency first principle
- Alignment with emission reduction pathways
- Resilience to adverse climate impacts
At programme level:
- Take into account sectoral decarbonisation objectives in programme documents such as PAs, OPs, or CAP Strategic Plans
- Introduce a negative list for emission-intensive activities, notably for fossil fuel infrastructure and related research

At project level:
- Prioritise measures that make the demand and supply of energy more efficient (E1st)
- For infrastructure projects with an expected lifespan of more than 5 years:
  - Binding recommendations to ensure consistent assessments of GHG emissions across MS
  - Clear links to the NECPs and to national and sectoral decarbonisation pathways
- End funding for fossil fuel infrastructure to achieve the Paris Agreement objectives
Download the full paper here:

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