

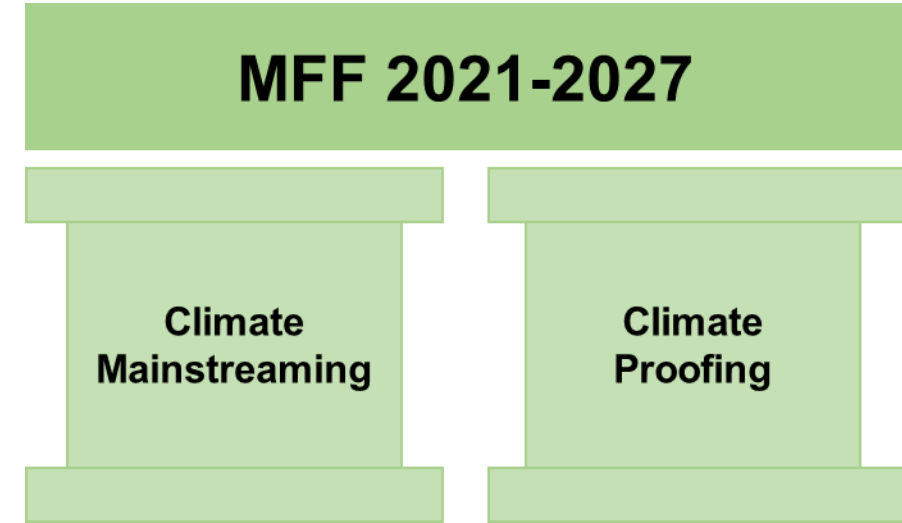
SOUND AND CONSISTENT CLIMATE PROOFING OF THE MFF 2021–2027

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?

YANNICK MONSCHAUER
BRUSSELS, 15 OCTOBER 2019

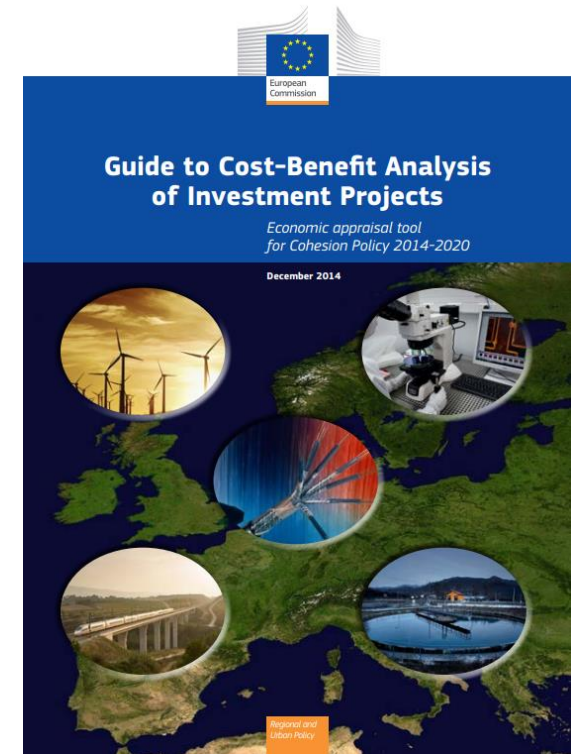
CLIMATE PROOFING THE NEXT MFF

- 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



CURRENT APPROACHES OF CLIMATE PROOFING

- 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

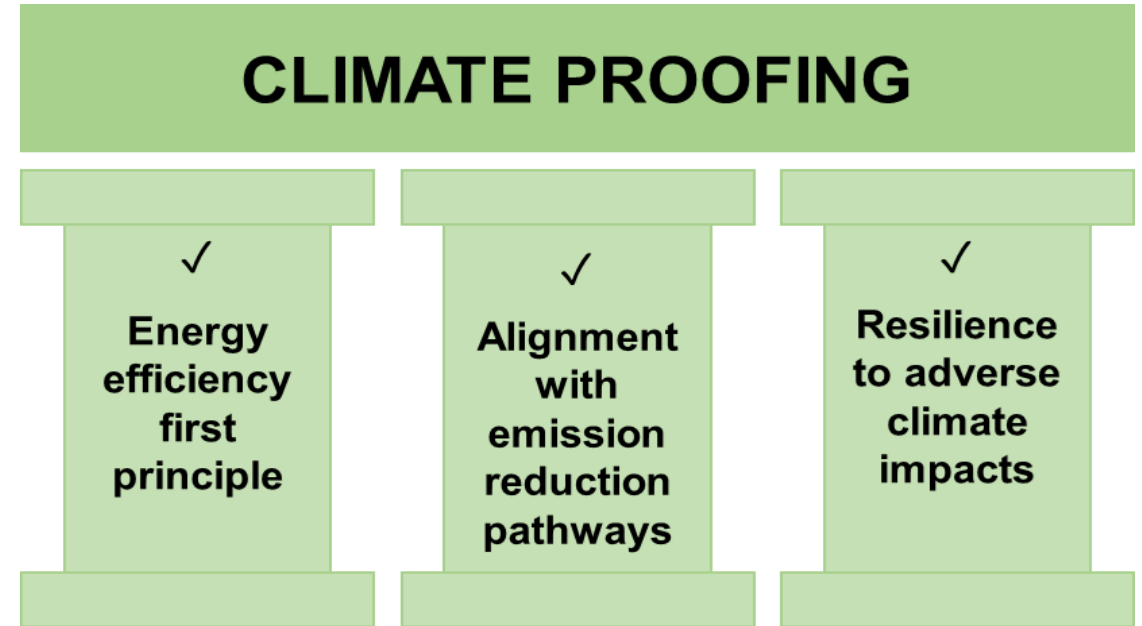
Overview of climate proofing in EC regulation proposals for the next MFF

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

RECOMMENDATIONS

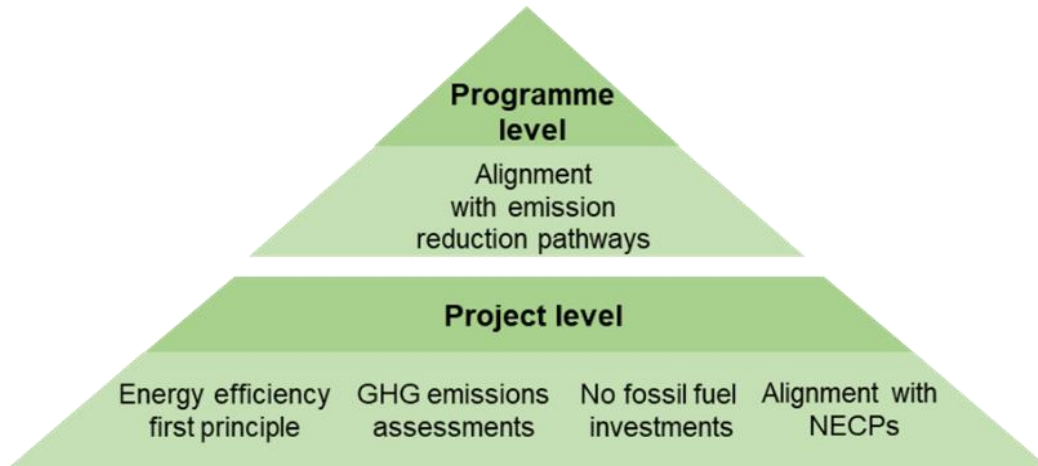
CONSISTENT DEFINITIONS

- 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



RECOMMENDATIONS

CLIMATE PROOFING HIERARCHY



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

LINK TO NAVIGANT PAPER

Download the full paper here:



https://www.navigant.com/-/media/www/site/downloads/energy/2019/navigant_climateproofing_finalreport.pdf

NAVIGANT

Aligning EU budget expenditures with the objectives of the Paris Agreement

Recommendations for sound and consistent Climate Proofing of the Multiannual Financial Framework 2021–2027

For: European Climate Foundation



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Project number: 208082
May 2019

This report was written between February and May 2019. The research herein is based on publicly available information and on the status of ongoing negotiations until this date.

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