

Lisbon, 21 June 2021

ECA – TdC Conference on EU Funds:
Management, Controls, Accountability

EU Funding and the Climate Transition

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EU Climate Commitments

What the EU pledged

The EU has agreed to cut emissions by **at least 55% by 2030**, up from its 40% commitment in 2014.

By 2030

By 2050



+ at least 32% share for renewable energy
+ at least 32,5 % improvement in energy efficiency

The EU's end goal is to reach **climate neutrality by 2050**. This will entail a transition which should:



require action from **all sectors of the economy**



be **socially balanced and fair**



preserve the EU's **competitiveness**



Source: ECA based on <https://www.consilium.europa.eu/en/infographics/paris-agreement-eu/>



Matching climate priorities and recourses in the EU budget

20 %

2011: the Commission announced its objective of spending at least **1 euro in 5** of the 2014-2020 budget on climate action.

25 %

2018/2019: the Commission set the goal for the 2021-2027 MFF expenditure contributing to climate objectives, confirmed by the Green Deal: **1 euro in 4**.

30 %

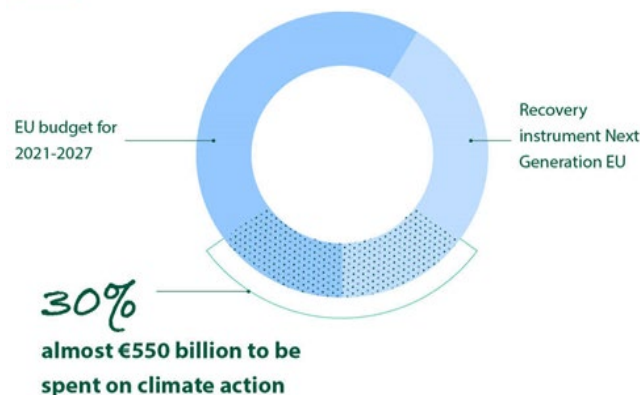
2020/2021: with the EU Recovery Instrument and the Recovery and Resilience Facility, on top of a revised new MFF, EU leaders agreed that **1 euro in 3.33** should target climate-related projects, including adaptation. The goal of **25 %** from the MFF will be complemented by **37 %** of expenditure to the green transition from the RRF.





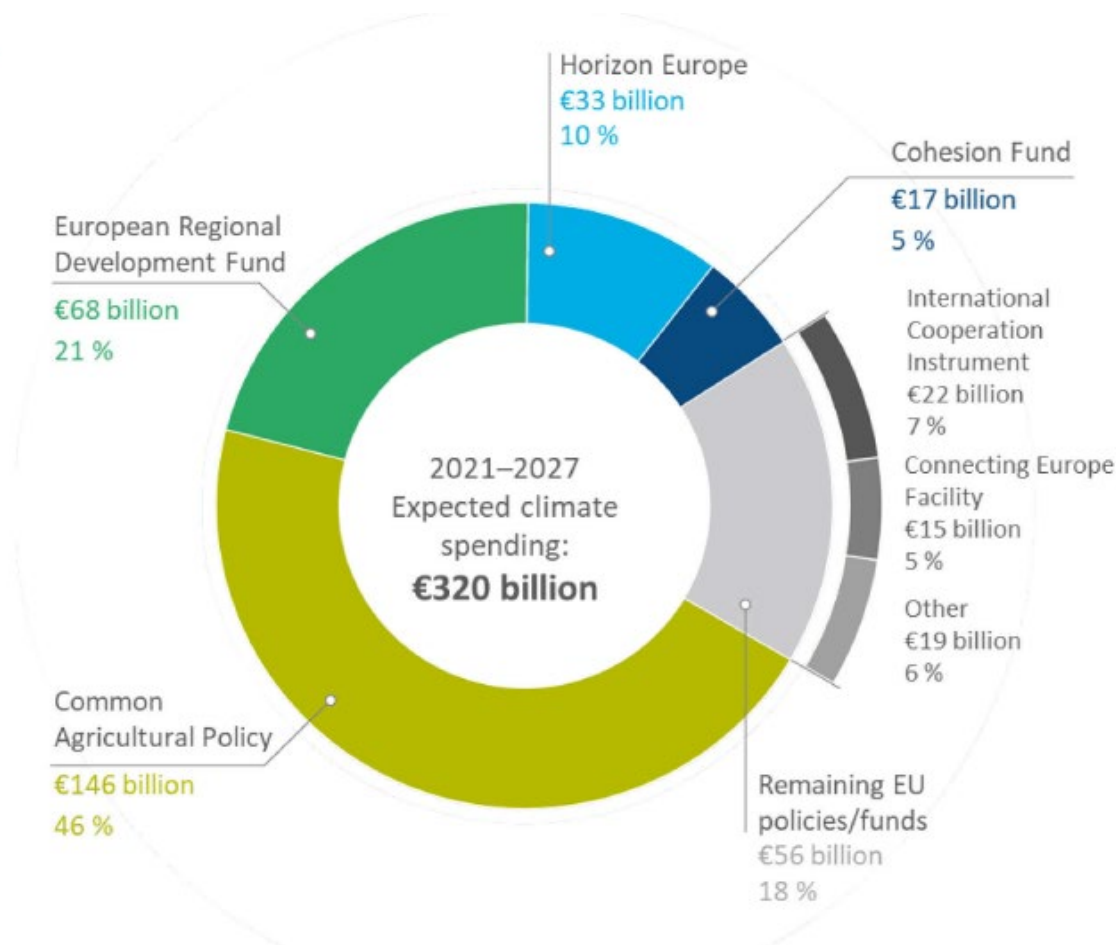
Mainstreaming climate action across the 2021-27 MFF

Mainstreaming climate in EU expenditure



Source:

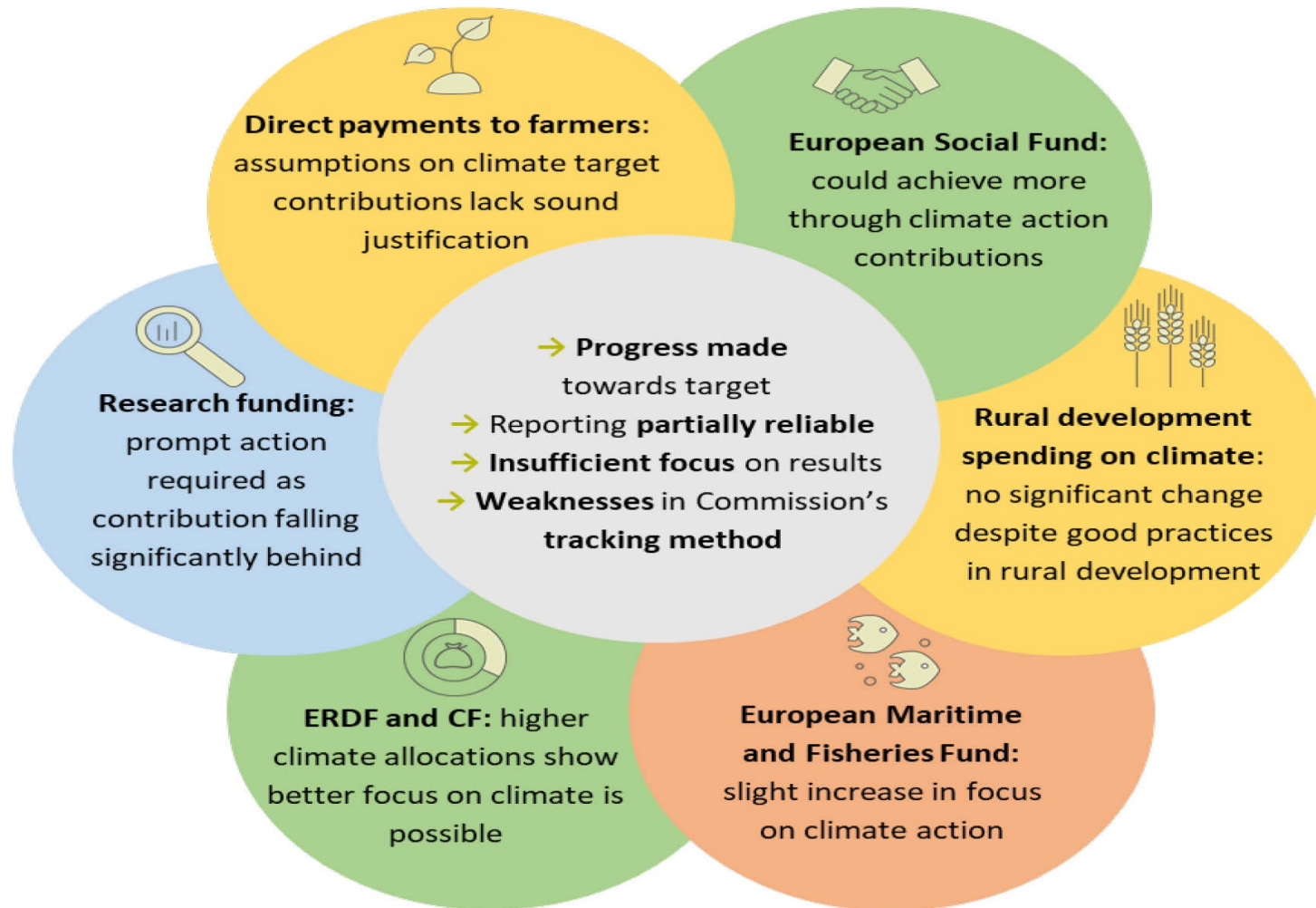
<https://www.consilium.europa.eu/en/infographics/financing-climate-transition/>



Source: Review 01/2020: Tracking climate spending in the EU budget



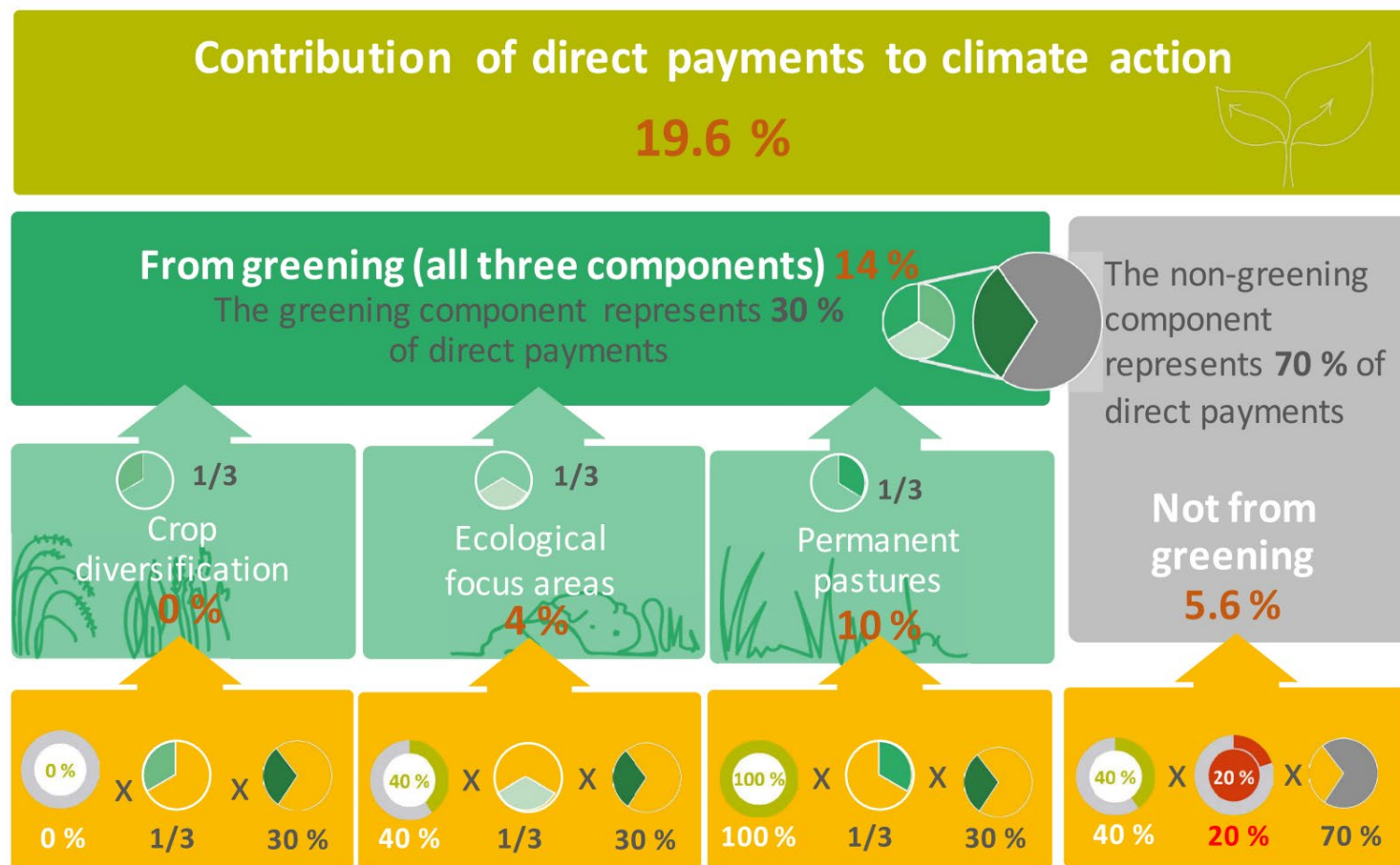
ECA's assessment of EU 2014-2020 climate mainstreaming in the MFF



Source: Review 01/2020: Tracking climate spending in the EU budget









Climate mainstreaming: Calculation of CAP contribution



Source: Review 01/2020: Tracking climate spending in the EU budget



Mainstreaming climate action across the 2021-27 MFF

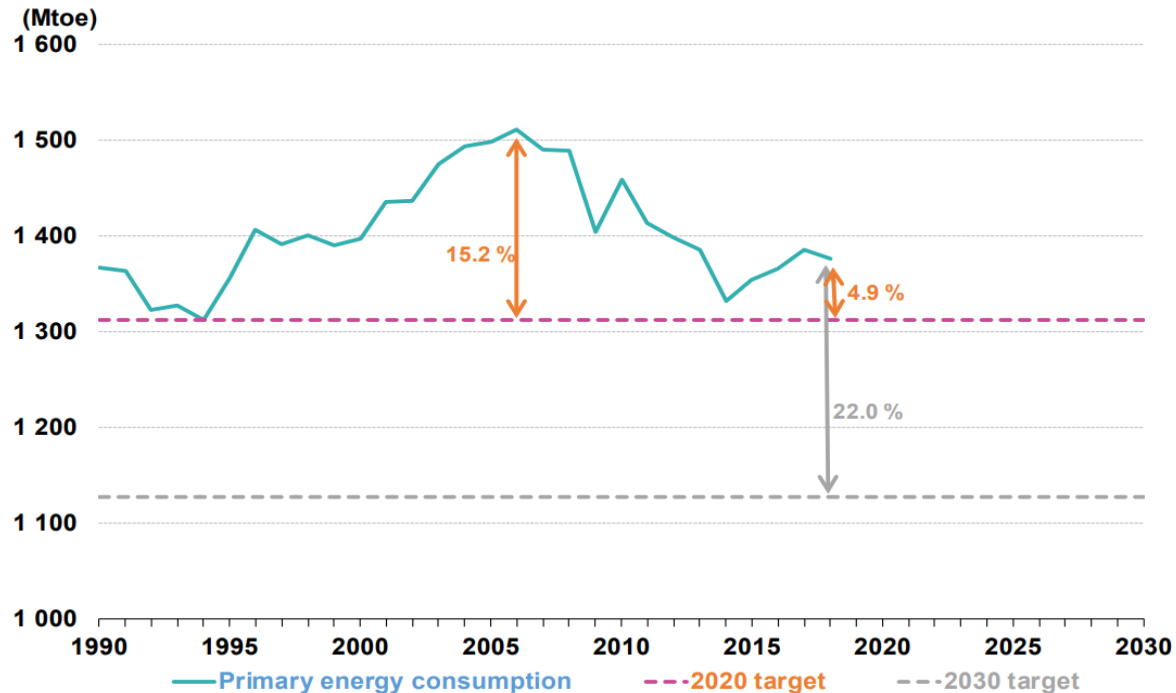
| <p>2014-2020 EU-28</p> <p>Target: €206 billion (20 % - one euro in five)</p>  | <p>2021-2027 EU-27</p> <p>Target: €320 billion (25 % - one euro in four)</p>  |
|--|---|
| <p>Methodology to track climate spending in the EU budget – inspired from the OECD's Rio markers</p>  | <ul style="list-style-type: none"> + Low administrative costs + Easy application and use - Not conservative - Maximum (100 %) credit for activities with a significant, but not principal objective towards climate objectives - No differentiation between mitigation and adaptation - No accounting for spending with negative impact on climate |
| <p>Contribution to climate spending from the Common Agricultural Policy</p>  | <ul style="list-style-type: none"> + The largest expected contribution to climate spending + Increased expected contribution in 2021-2027 - Direct payments: unjustified assumptions on climate target contributions; the contribution estimated as double in 2021-2027 compared to 2014-2020 - Rural development: overestimated contribution, despite some improvements in 2021-2027 - Agricultural activities with a potentially negative impact on climate: not accounted for |
| <p>Contribution to climate spending from ERDF and CF</p>  | <ul style="list-style-type: none"> + Improved focus on climate in 2014-2020 compared to the previous period; good practices identified - Activities with limited support to fossil fuels: potentially negative impact on climate not accounted for |
| <p>Contribution to climate spending from the research policy</p>  | <ul style="list-style-type: none"> + Action plan to boost climate spending from research - Challenges to achieve the target due to limitations to plan research proposals linked to climate action |

Source: Review 1/2020: Tracking climate spending with the EU budget



Energy efficiency in buildings: Greater focus on cost-effectiveness still needed

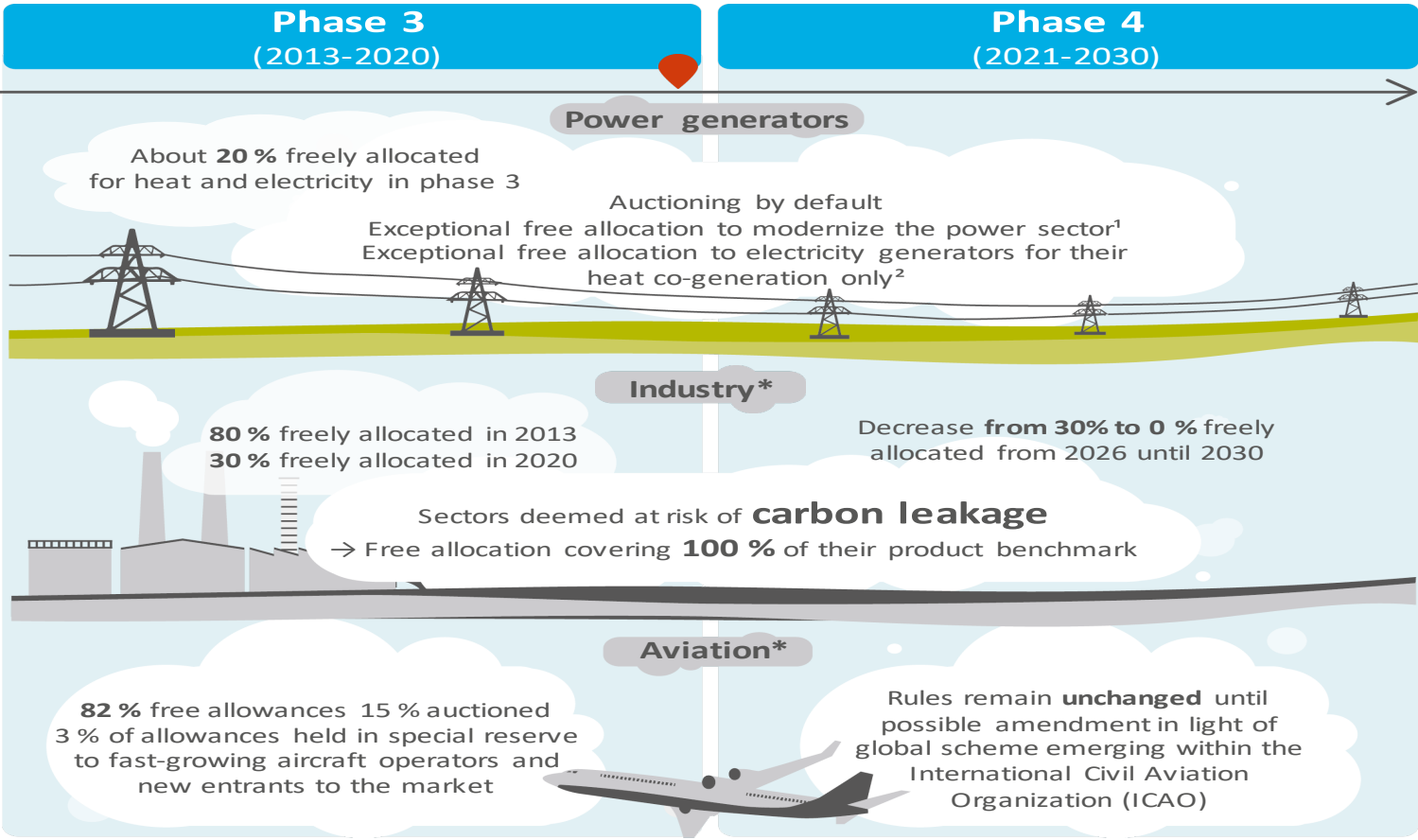
Distance to 2020 and 2030 targets for primary energy consumption, EU-27



Source: Eurostat energy saving statistics Primary-Energy-Consumption-2018.



EU's Emissions Trading System: The free allocation of allowances needed better targeting



* Categories of activities as defined by Annex I of Directive 2003/87/EC

¹ Article 10c of the ETS Directive

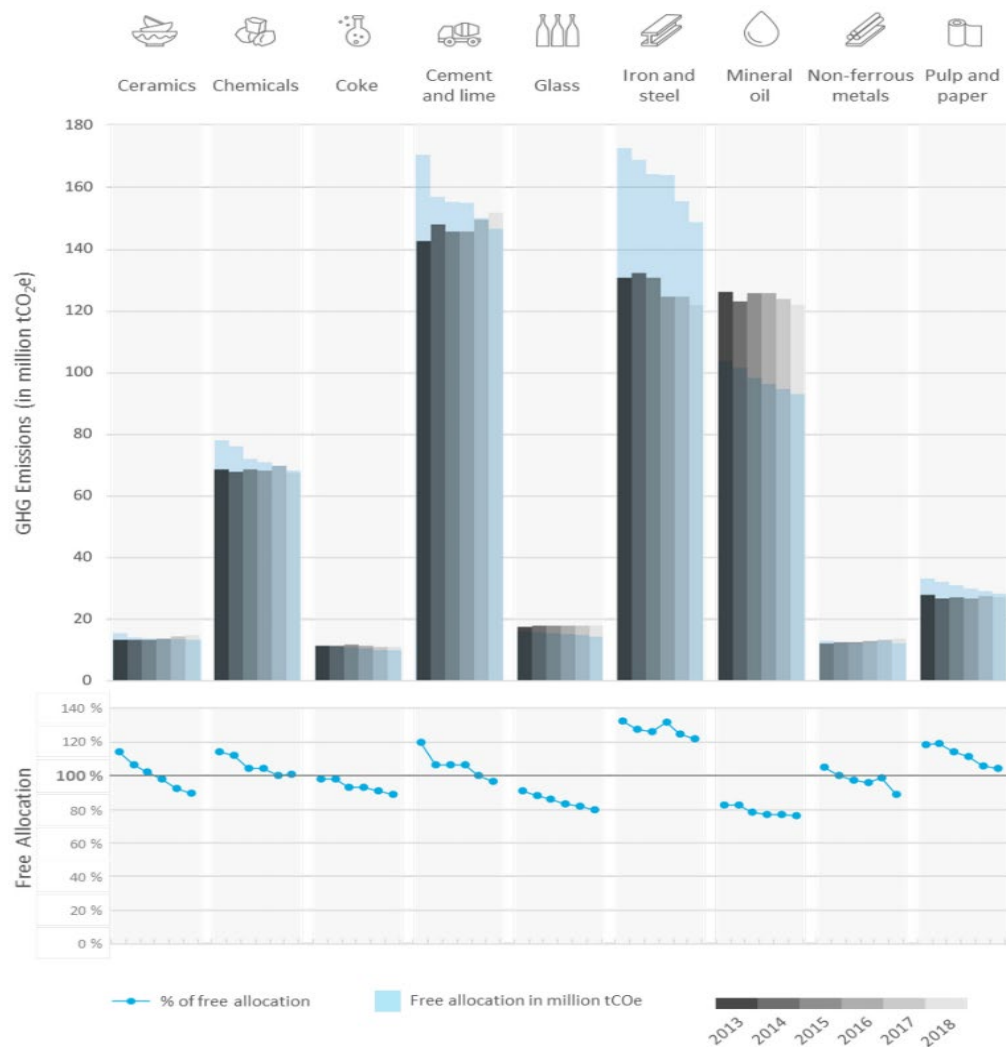
² Article 10a(4) of the ETS Directive



ECA report



Emissions from industry were mainly covered by free allowances in phase 3 of the EU ETS



Source: ECA, based on data from the EU ETS data viewer of the European Environment Agency.



SOURCES: ECA REPORTS

Special Report 32/2016 - Spending a least one euro in every five from the EU budget on climate action: ambitious work underway, but at serious risk at falling short

Special Report 01/2017 - Natura 2000: More efforts needed to implement Natura 2000 network to its full potential

Special Report 21/2017 – Greening: a more complex income support scheme, not yet environmentally effective

Special Report 21/2018 - Air pollution: Our health still insufficiently protected

Special Report 24/2018 - Demonstrating carbon capture and storage and innovative renewables at commercial scale in the EU: intended progress not achieved in the past decade

Special Report 25/2018 - Floods Directive: progress in assessing risks, while planning and implementation need to improve

Special Report 8/2019 - Wind and solar power for electricity generation: significant action needed if EU targets to be met

Special Report 16/2019: European Environmental Accounts: usefulness for policymakers can be improved

Special Report 18/2019 – EU greenhouse gas emissions: Well reported, but better insight needed into future reductions

Special Report 33/2018 – Combating desertification in the EU: a growing threat in need of more action



SOURCES: ECA REPORTS

Special Report 33/2018 – Combating desertification in the EU: a growing threat in need of more action

Special Report 02/2019 – Chemical hazards in our food: EU Food Safety Policy protects us, but faces challenges

Special Report 04/2019 – The control system for organic products have improved, but some challenges remain

Special Report 01/2000 – EU action on Eco design and energy labeling: important contribution to greater energy efficiency reduced by significant delays and non-compliances

Special Report 4/2020 – Using new imaging technologies to monitor the Common Agricultural Policy: steady progress overall, but slower for climate and environment monitoring

Special Report 05/2020 – Sustainable use of plant protection products: limited progress in measuring and limiting risks

Special Report 13/2020 – Biodiversity on farmland: CAP contribution has not halted the decline

Special Report 11/2020 – EU energy efficiency in buildings: greater focus on cost effectiveness still needed



SOURCES: ECA REPORTS

Special Report 15/2020 – Protection of wild pollinators in the EU: Commission initiatives have not borne fruit

Special Report 18/2020: The EU's Emissions Trading System: free allocation of allowances needed better targeting

Special Report 26/2020: Marine environment: EU protection is wide but not deep

Special Report: Common Agricultural Policy – Half of EU climate spending but farm emissions are not decreasing

Review 01/2017: EU action on energy and climate change (Landscape review)

Review 04/2019: EU support for energy storage (Briefing paper)

Review 01/2020: Tracking climate spending in the EU budget

Review 04/2020: EU action to tackle the issue of plastic waste

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