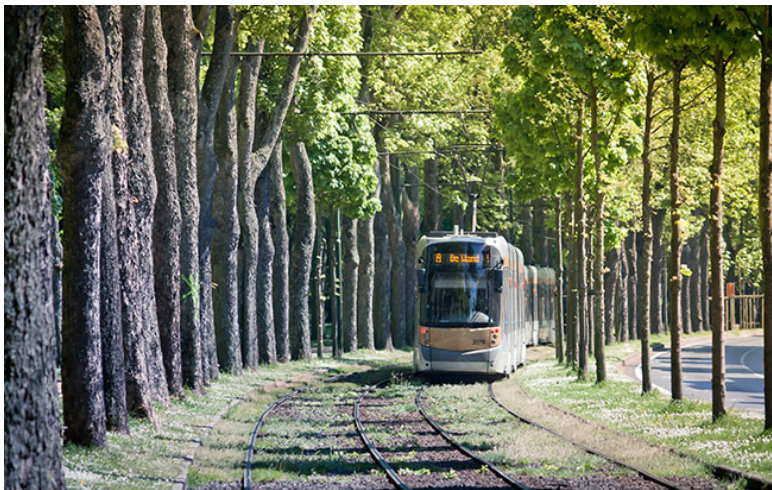


Research for REGI Committee – Cohesion Policy and Climate Change



Global warming, a significant increase in the average temperature of the Earth's surface since the pre-industrial period due to human activity, produces long-term changes in average weather patterns. The climate change caused by global warming has massive and mostly negative effects on economies, societies and the environment. Mitigating climate change by addressing the causes of global warming, most notably by reducing greenhouse

gas (GHG) emissions, requires a broad and coordinated global response. It is also necessary to further develop the capacity to adapt to the consequences of climate change that have already occurred and whose effects are likely to persist for decades or centuries, even if immediate action is taken.

The world is still not on track to satisfactorily curb global emissions and there are wide disparities in commitments and current efforts across countries and regions. The EU can contribute to address climate change directly, by reducing emissions and with adaptation policies, as well as by continuing to take a leading role in advocating global action. In the fight against climate change, the EU can draw on lessons learned from the COVID-19 pandemic. It has demonstrated how dramatic negative side-effects of human activity can be, how quick to unfold, and how difficult or impossible to contain, while risk prevention is essential because it is unknown whether a chain of

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events like a pandemic or climate change, once triggered, can be stopped without significant losses. Moreover, mass awareness of the anthropogenic origin of global warming is critical to drive political action and ensure a broad public engagement.

In view of the importance of fighting climate change, EU institutions have been setting increasingly ambitious targets such as reducing GHG emissions by at least 55% by 2030, and becoming the first carbon neutral continent by 2050. In European regions, warming is greater than the global average. Therefore, the negative impacts of climate change may be more severe and, in any case, asymmetric, with southern European regions expected to be impacted the most. In this context, the role of Cohesion Policy in climate action is likely to be essential.

Cohesion Policy support to Climate Action: How much and what types of interventions

Climate action objectives were integrated into the 2014-2020 Cohesion Policy both at the design stage and during the implementation of programmes. This will also be the case in 2021-2027 to ensure that climate change is addressed from programme design to the selection of operations, and that investments are “climate proofed”. Approximately EUR 56.5 billion of Cohesion Policy Funds (ERDF, CF and ESF) were assigned for climate action in 2014-2020, 15.9% of total planned Cohesion Policy funds (based on ESIF Open Data). In 2021-2027, the amount planned for climate change is expected to increase to at least EUR 77.2 billion (or 83.7 billion, if REACT-EU, a component of Next Generation EU which tops up ERDF and ESF until 2023, is considered). This is roughly 25% of total Cohesion Policy, a significantly higher share than previously, which should ensure a stronger contribution to the delivery of climate policy outcomes. For 16 countries, i.e. more than half of the Member States of the EU, most notably central and eastern European nations, the amounts planned for climate action in 2014-2020 were higher than 10% of the National Expenditure on Environmental Protection. This means that Cohesion Policy should play a vital role, and even more so in 2021-2027.

Most of the Cohesion Policy funds for climate have been allocated to energy efficiency renovation of public infrastructure (16.6% of the total in 2014-2020), followed by adaptation to climate change and risk prevention (11.4%), clean urban transport (9.1%) and energy efficiency in existing housing stock (8.2%). In all EU regions, Cohesion Policy has made it possible to finance a wide array of initiatives for climate change mitigation and adaptation, not without obstacles, but certainly facilitating learning among managing administrations. Many of those initiatives will be continued in 2021-2027.

The share of planned funds which have actually been spent is lower for climate operations compared to total Cohesion Policy, a fact which may be due to a longer implementation cycle of investments on energy efficiency and renewable sources. This is reflected in slower delivery of concrete achievements in terms of annual GHG reduction, and additional renewable energy production capacity. The achievements of interventions to adapt to the extreme weather events and other environmental risks are more positive (e.g. 64% of the target population was protected from forest fires and 24% from floods as of end of 2019).

In the next programming period, Cohesion Policy will contribute to the implementation of the European Green Deal, the European Commission’s overarching plan to achieve sustainability and to protect the environment. The Cohesion Policy contribution to the Green Deal is likely to be limited in most Member States from a financial point of view, but may have an important catalytic effect, especially in Member States where it is a major source of public investment.

Phasing out fossil fuels: benefits and costs

The EU has made increasingly strong policy commitments to decarbonisation, particularly by reducing the carbon intensity of the power sector (or emissions per unit of electricity generated), to pursue the objective of climate neutrality at the heart of the European Green Deal, and in line with the EU's commitments under the Paris Agreement, a legally binding international treaty on climate change adopted in 2015. Decarbonisation will have overall beneficial effects in the EU such as: a reduced dependency on fossil fuels, an increase in renewable energy production, a boost to innovation and a shift towards a circular economy, with positive consequences on competitiveness.

Decarbonisation and phasing out fossil fuels also have costs. These are chiefly the increased costs of energy systems and additional investments in energy efficiency necessary to achieve the GHG emission reduction targets. The transition away from fossil fuels will also produce savings on import bills which may partially compensate the costs of phasing out.

Policy recommendations for an enhanced role of Cohesion Policy in the fight against climate change

There are some weaknesses in how Cohesion Policy pursues climate objectives that could in fact reduce the effectiveness of the interventions. Such weaknesses concern policy design and formulation, implementation, monitoring and evaluation. At the policy design stage, it is recommended to: make a greater effort to ensure mainstreaming of climate change in Cohesion Policy interventions; coordinate investment in order to achieve a critical mass and avoid fragmented initiatives; raise public awareness, and boost behavioural change through education and training, as well as through effective communication. It is also important to promote capacity building amongst public administrators, on complex climate change issues to foster design of effective mitigation and adaptation measures.

Considering the slow progress of the 2014-2020 Cohesion Policy initiatives for climate, most notably support to energy efficiency and renewable energy sources, financially and in terms of achievements, it is important to reduce the administrative burden for beneficiaries and Managing Authorities. At the same time, Cohesion Policy programmes should avoid climate action being neutralised by investments in other areas which may contribute to climate change (e.g. supporting unsustainable uses of biomass and natural gas infrastructure). Local plans, such as SECAPs (Sustainable Energy and Climate Action Plans) could be used to ensure that the most appropriate energy mix for satisfying the demand of local communities is identified. Continuity of successful 2014-2020 interventions in the next programming period is also important to ensure a durable impact.

As regards monitoring, the method currently used for tracking climate expenditure has merits (e.g. simplicity) but also shortcomings, which need to be corrected (e.g. it is based on planned amounts and does not consider whether climate change is an objective of the expenditure or not). The system of output and result indicators also needs improvement. Finally, systematic and well-planned evaluations of the contribution of supported investments towards achieving the set targets are essential.

Further information

This executive summary is available in the following languages: English, French, German, Italian and Spanish. The study, which is available in English, and the summaries can be downloaded at: <https://bit.ly/3vM4wpX>

More information on Policy Department research for REGI: <https://research4committees.blog/regi/>



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