

Special Report 31/2016:

Spending at least one euro in every five from the EU budget on climate action: ambitious work underway, but at serious risk of falling short



EUROPEAN
COURT
OF AUDITORS

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Agriculture and Rural Development Committee
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1. The Audit

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**.

Approach

- ❑ Member State visits, October 2015 to February 2016:
 - **Poland:** Cohesion and Common Agricultural Policy (CAP)
 - **Germany, Romania:** Cohesion
 - **France, Spain:** CAP

- ❑ At Commission level:
 - **Horizon 2020**
 - **Fisheries**
 - **LIFE Programme**

- ❑ Interviewed:
 - Key Commissioners and officials
 - National authorities, implementing bodies, stakeholders.

Not covered:

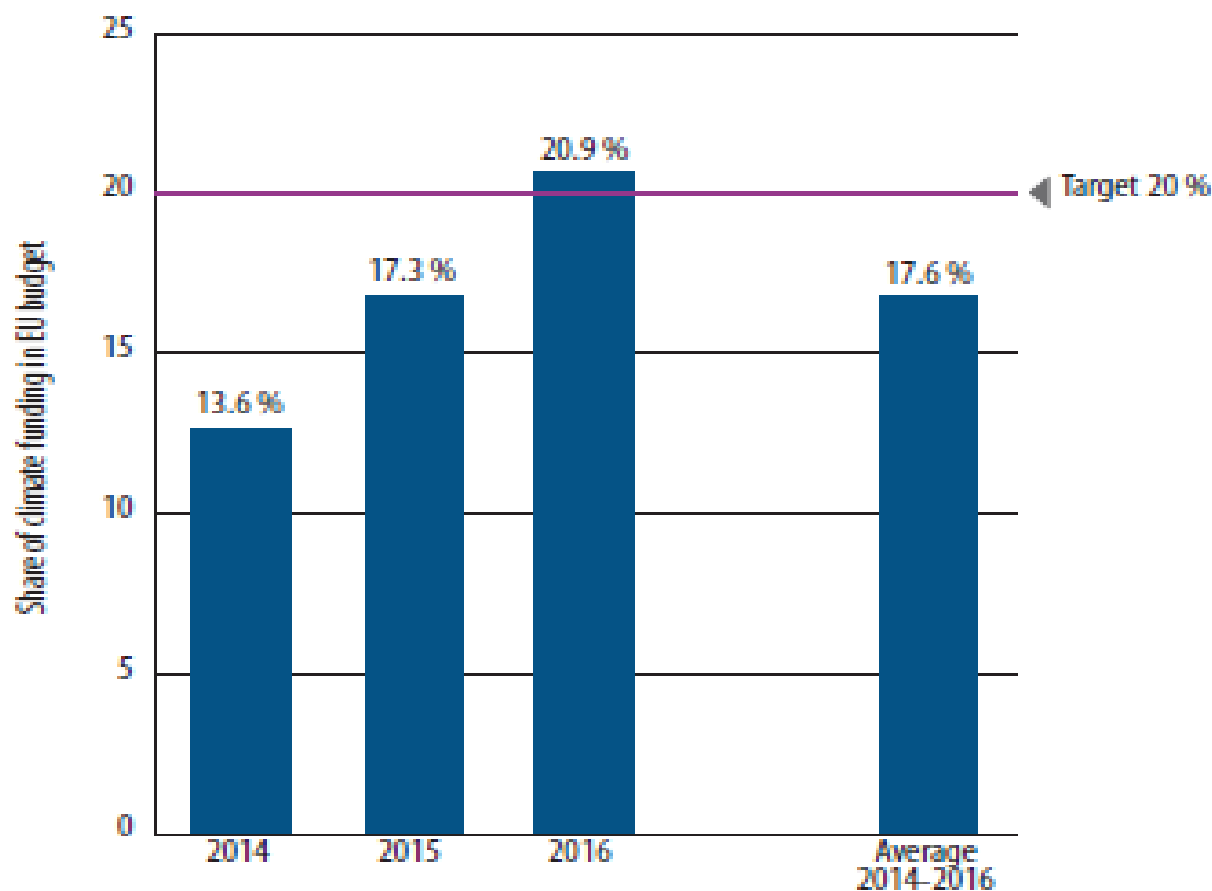
- ☐ Potential adverse environmental effects of EU budget
- ☐ Non-climate EU budget spending
- ☐ Other climate spending outside the EU budget
- ☐ Actual spending - Commission targeted planned spending

2. Findings

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

The audited Commission figures



Source: Commission data, mid-term review of the multiannual financial framework 2014-2020, SWD(2016) 299 final.

Findings in Agriculture and Rural Development

- ❑ Agricultural direct payments - insufficient justification for assumptions
- ❑ Rural Development - overestimation
- ❑ Our re-estimate: €33 billion - lower for 2014-2020
- ❑ No significant shift to climate action in CAP spending
- ❑ Some good practices exist...

Methane production facility, France

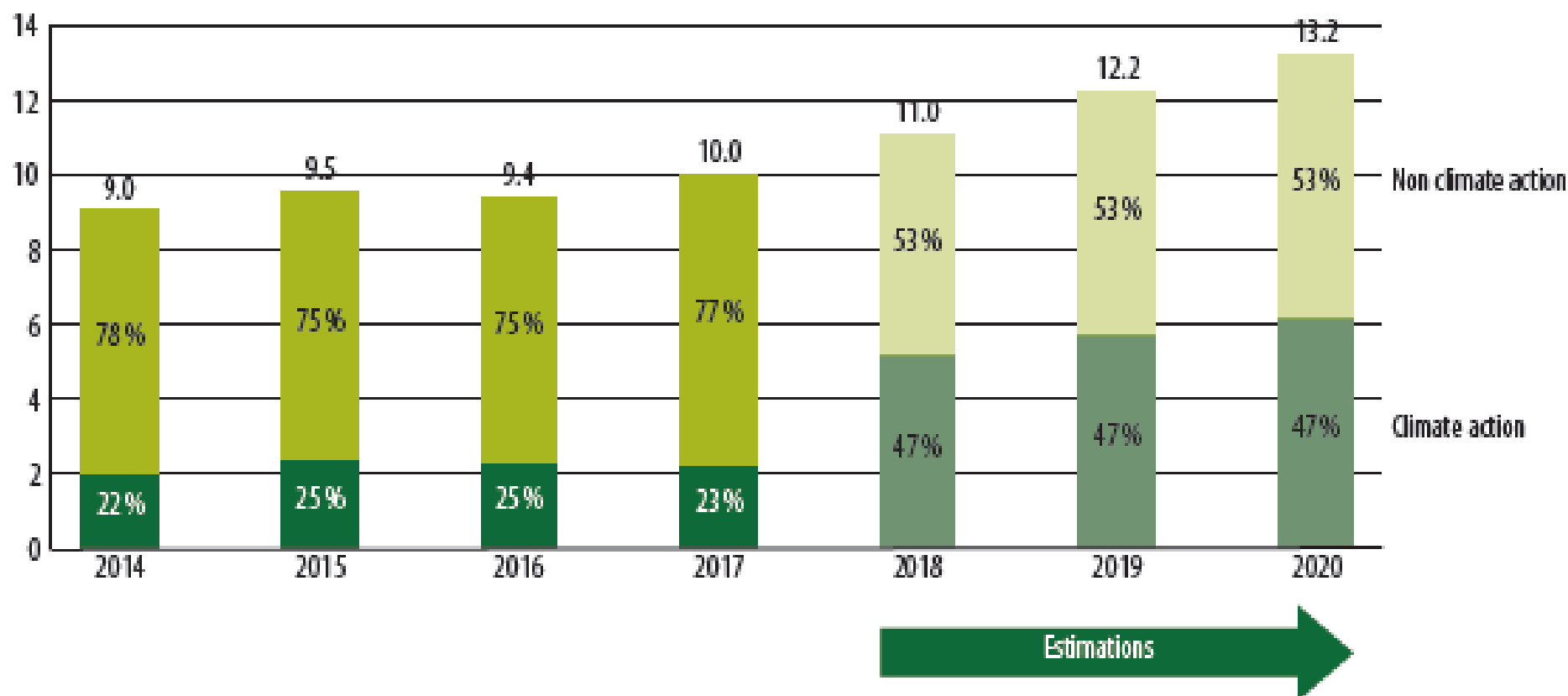


Source: Conseil Régional Auvergne Rhône-Alpes

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

- ❑ Increase climate action
 - develop new measure or retarget existing ones
- ❑ Correct over-estimation in Rural Development
- ❑ Use the mid-term review
- ❑ And the consultation on the future of the CAP

Research: falling behind its 35% target



Source: Commission's data for 2014-2017 (draft budget 2017) and European Court of Auditors' estimates of climate action for 2018-2020.

Cohesion Policy

❑ European Regional Development Fund and Cohesion Fund:

- **More money:** from 12 % in 2007-2013 to 21 % in 2014-2020
- **Better focus:** e.g. in project selection

❑ European Social Fund:

- **Very low share,** 1.4 %, allocated to climate action

3. Recommendations

Recommendations: summary

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

1: Robust multi-annual consolidation

The **Commission** should carry out annually a robust, multi annual consolidation exercise to identify whether climate expenditure is on track to achieve the 20% target.

2: Comprehensive reporting framework

- (a) The **Commission** should report, annually, consolidated information on the progress towards the overall 20 % target in its annual management and performance report and also report, with comprehensive information thereon, in each relevant annual activity report. This should include reporting on progress on action plans where they exist. In addition information on the climate contribution of financial instruments should be reported.
- (b) **Member States** should report, in their annual implementation reports to the Commission, on the areas under shared management where there are potential opportunities for climate action, outlining how they plan to increase climate action in these areas.
- (c) The **Commission** and the **Member States** should ensure that data collection differentiates between mitigation and adaptation.

3: Assessment of climate change needs

When planning the potential contribution to climate action from individual budget lines or funding instruments, the **Commission** should ensure that such plans are based on a realistic and robust assessment of the climate change needs and on each area's potential to contribute to the overall target.

4: Correct EAFRD overestimations

The **Commission** and the **Member States** should apply the principle of conservativeness and correct the overestimations in the EAFRD by reviewing the EU climate coefficients set.

5: Draw up Action Plans

Whenever the annual consolidation exercise reveals a risk that the expected contributions from a particular area may not be achieved, the **Commission** should draw up an action plan for that area, setting out in detail how it expects to ensure the catch-up needed.

6: Develop indicators of actual spending and results

The **Commission** should:

- (a) in cooperation with the **Member States**, in the area of shared management, develop a harmonised and proportionate system for monitoring the actual implementation of climate action.
- (b) in line with its “budget for results” initiative, establish climate-related results indicators in all areas that contribute towards the achievement of the target, in particular to assess greenhouse gas emissions and reductions brought about through EU-funded measures.
- (c) facilitate the exchange of good practice on climate-related result indicators between Member States.

7: Ensure a real shift towards climate action

The **Commission** should:

- (a) Identify those areas with underutilised potential for climate action, such as the European Social Fund, and develop action plans for increasing the climate action contribution of those areas.
- (b) The **Commission** and **Member States** should increase the mainstreaming of climate action in agriculture, rural development and fisheries, for example by developing new, or retargeting existing, measures tackling climate change.