



# THE EU BUDGET AND PARIS CLIMATE AGREEMENT

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EU ADDED VALUE OF EU BUDGET  
EXPENDITURES AND WAY FORWARD TO  
DELIVERING EU'S 2030 CLIMATE AND  
ENERGY FRAMEWORK

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EU PARLIAMENT,  
PUBLIC HEARING,  
BRUSSELS  
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# AT A GLANCE: ECOFYS, A NAVIGANT COMPANY



**Global** consulting company founded in 1984 with the **mission** to enable **sustainable energy for everyone** – since 2016, Ecofys is part of **Navigant's global Energy practice**



Ecofys has **five offices** in four countries: Utrecht, the Netherlands; Cologne & Berlin, Germany; Brussels, Belgium; London, United Kingdom – as part of Navigant, our experts are based in **more than 20 offices in the US and Canada, Hong Kong, and the Middle East**



We have over **600 experts** skilled in energy, climate, environment, economy, communication, and law – in 2007, 11 of our experts supporting the Intergovernmental Panel on Climate Change were awarded the Nobel Prize together with Al Gore



**More than 30 years of experience** in developing and evaluating policies, sustainability strategies, and scenarios for companies and sectors provides us with deep knowledge of markets and consumer behaviour



Our strength lies in our strategic understanding of complex energy and climate transition issues: Ecofys **connects the dots** within the triangle between **governments, industry, and pro- and consumers**

# AGENDA

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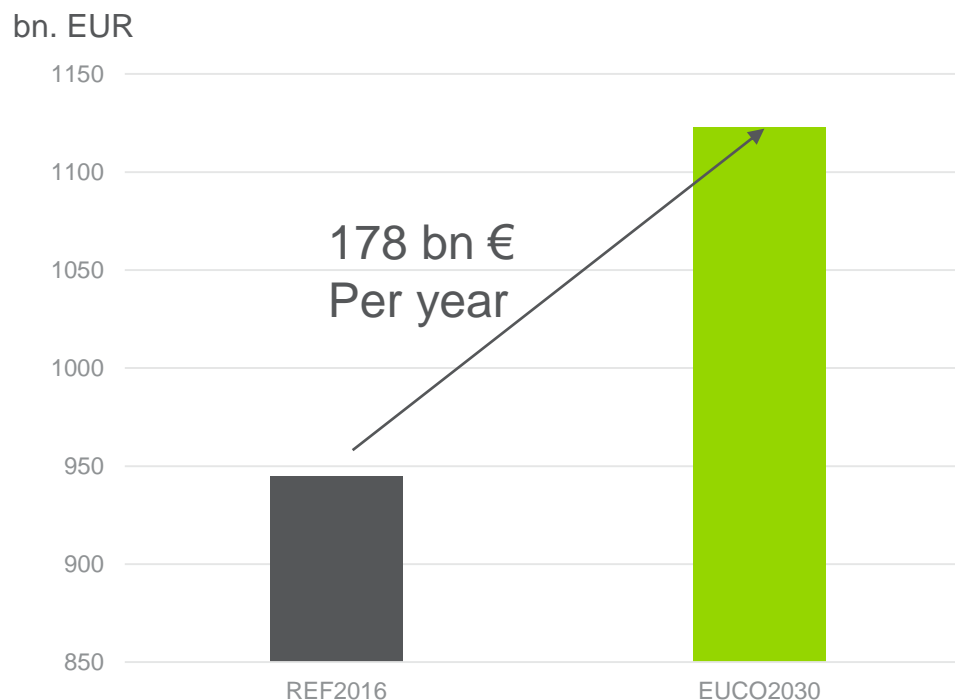
1. 2030 climate and energy framework and investment needs
2. Climate mainstreaming and expenditure target
3. Tracking and reporting of climate spending
4. GHG emission indicators and carbon footprinting
5. LIFE Programme and Intelligent Energy Europe
6. Recommendations

# EU'S 2030 CLIMATE AND ENERGY OBJECTIVES

Targets	2020	2030
Climate	20 % reduction of GHG emissions compared to 1990	At least 40 % less GHG emissions domestically compared to 1990
Renewable Energy	20 % share of renewables in energy consumption	At least 27 % renewable energy consumption
Energy Efficiency	20 % primary energy savings compared to projections	At least 27 % improvement in energy efficiency

- An increase of energy efficiency and renewable targets are currently negotiated
- EU 2030 climate and energy objectives are EU's contribution to the Paris Agreement

# ESTIMATED CLIMATE MITIGATION INVESTMENT NEED



Estimated EU investment gap of 178 bn. EUR annually between 2021 and 2030 (Ricardo AEA 2017)

# EU ADDED VALUE FOR CLIMATE FINANCING

## EU budget

- can never be sufficient to fulfill climate and energy investment needs

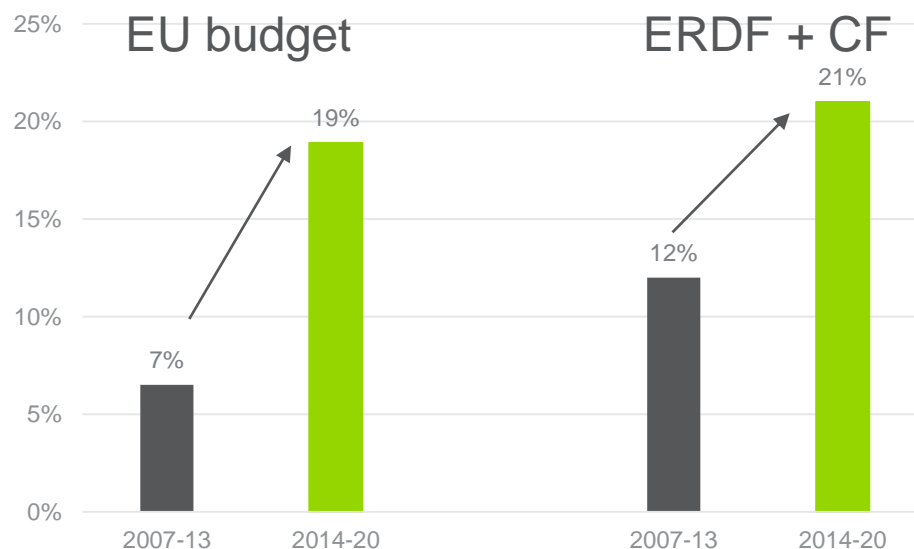
## ...BUT...

- can significantly support the **leveraging** of private finance and other public funding by addressing investment barriers
- introduced EU Commission approach of **climate mainstreaming across policy areas and minimum spending target (“climate quota”)** as main instrument
- serves as a **role model** for EU Member States' budgets

# CLIMATE MAINSTREAMING AND SPENDING TARGET

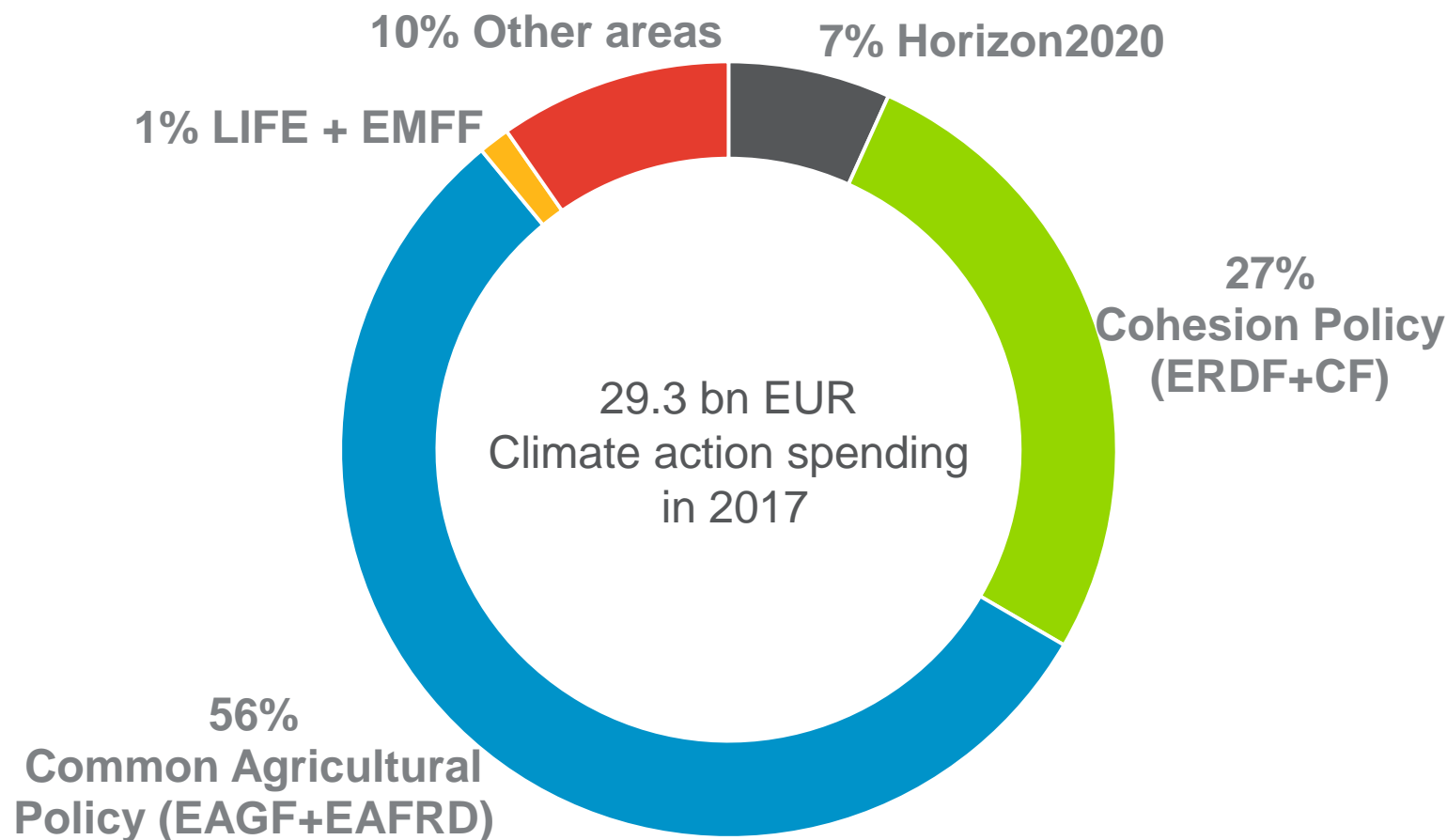
**Climate mainstreaming ensures climate considerations in all policy areas**

**Minimum spending target has significantly increased spending for climate  
~180 bn EUR for climate action = 25.7 per year**



→ Climate mainstreaming and climate spending target create an EU added value

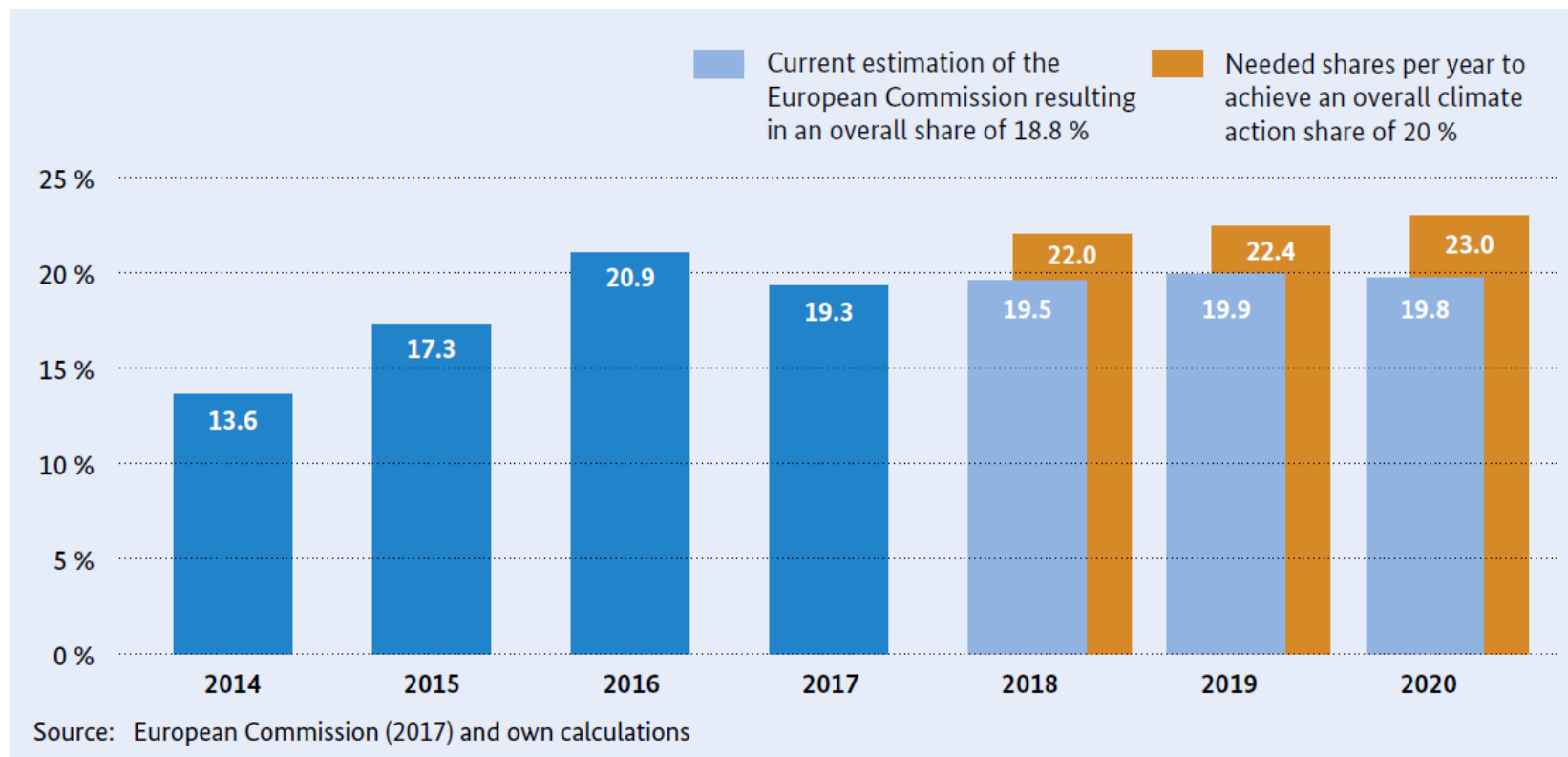
# CLIMATE RELEVANT PROGRAMMES OF THE EU BUDGET



*together represent 77% of EU Budget*



# STATUS OF EU CLIMATE SPENDING TARGET



# IMPROVE CLIMATE TRACKING AND REPORTING

- EU climate tracking is based on “Rio Markers” appointing 100% (significant), 40% (moderate) or 0% (no contribution) to expenses.
- Markers are less stringent than OECD definition which leads to an overestimation of climate spending
- Currently there is no consistent reporting on status and progress of climate action financing

Applicable category	Categories of activity	EU climate coefficients	Example: Criteria used in European Structural and Investment Funds
2	Expenditure for activities for which climate is the principal (primary) objective.	100 %	The support makes a significant contribution towards climate change objectives.
1	Expenditure for activities for which climate is a significant, but not the principal, objective.	40 %	The support makes a moderate contribution to climate change.
0	Expenditure not targeted at climate objectives.	0 %	The support does not contribute towards those objectives or the contribution is insignificant.

Source: European Court of Auditors (2016)

# CARBON FOOTPRINT

- EU Commission tracks the amount (€) of spending but not the climate impact of funded projects
- Projects do not consistently report (neither ex-ante nor ex-post) on indicators, such as “GHG savings” nor “GHG emissions”
- As a result, the climate impact of EU funding – especially of carbon-intensive investments is not evaluated



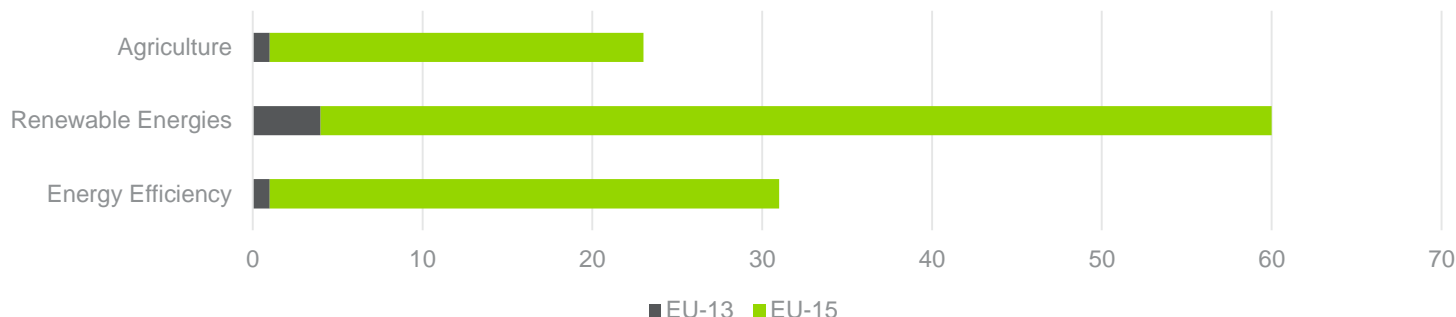
**Carbon footprinting** approach would highlight the balance of emission savings and emission generation, enabling a better alignment with long-term EU climate and energy targets



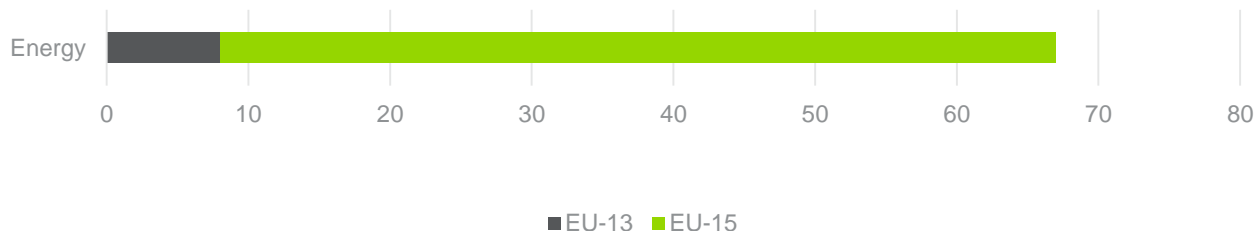
And would allow the cost-efficient use of EU public money for climate action

# ENABLING EU-13 COUNTRIES TO DRIVE CLIMATE ACTION

## LIFE



## European Fund for Strategic Investments



→ Support of authorities and national contact points to promote and support project development (LIFE)

→ Investigate reasons for few projects and develop solutions (EFSI)

# REINFORCE LIFE PROGRAMM



- EU's only funding programme solely for environment (2.59 bn. EUR) and climate (864 mio. EUR)
- Climate projects are counted 100% towards the climate spending target, environment projects are evaluated on a project-by-project basis
- The programme's aim of spending at least 25% for climate action is expected to be overachieved by 45% (or 34% according to ECA)



*To support the EU's climate financing towards 2030 climate and energy targets, LIFE Climate Action should be reinforced*

# RE-ESTABLISH INTELLIGENT ENERGY EUROPE

- Intelligent Energy Europe (IEE) 2003-2013 aimed at
  - Implementing of climate and energy policy objectives
  - Supporting Member States in achieving EU 2020 climate and energy targets
  - Increasing competitiveness, energy security, and innovation
- IEE supported projects in EE, RES, Transport



- Positive evaluations of IEE projects and programme areas
- Horizon 2020 aims at research and innovation, IEE supports implementation
- A re-established IEE would fully (100%) contribute to the climate spending target
- A budget for “IEE 3” could be around 500 million EUR (compared to Horizon 2020 >79 bn. EUR)

# RECOMMENDATIONS

- EU spending needs to be **aligned with EU 2030/2050 climate and energy targets** and the Paris climate agreement
- A **minimum climate expenditure target** should be continued
- Robust **tracking and reporting** of climate expenditures should be developed
- **Carbon footprinting** of EU financed projects should be established
- **EU-13 countries** should be supported in making more from EU climate and energy funds
- **100% climate action programmes** of the EU budget should be supported
  - Reinforce LIFE Programme
  - Re-establish Intelligent Energy Europe (IEE)

# RESULTS OF OUR RESEARCH



## **Making the most of Climate Action Financing in the EU Opportunities, Co-benefits and Recommendations**

Ecofys and DIWecon, April 2018



## **Innovation – Renovation – Transformation Good practice examples from projects promoting green growth across Central, Eastern and Southern Europe**

Ecofys and Ecologic, April 2018



# WORKSHOP: FINANCING GREEN GROWTH IN EUROPE



Federal Ministry  
for the Environment, Nature Conservation  
and Nuclear Safety



## 26. April – PermRep of Germany

### Financing Green Growth in Europe

*Benefits of ambitious climate action for  
business, environment and communities*

[http://registration.ecologic-  
events.eu/financing-green-growth-europe](http://registration.ecologic-events.eu/financing-green-growth-europe)

FULL PROGRAMME	
10:00	Registration of Participants
10:20	Welcome note by the German Permanent Representation to the EU <b>Peter Rösger, Deputy Permanent Representative</b>
10:30	Introducing the issue: Climate action as a driver for economic and social development in Europe <b>Eva Kracht, Deputy Director General, "European and International Policy", Federal Ministry for the Environment, Nature Conservation and Nuclear Safety</b>
10:45	Keynote: Green growth and co-benefits <b>Dr. Gergana Miladinova, Team Leader 'Sustainable Growth', DG Regional and Urban Policy</b>
11:15	Innovation, renovation, transformation – good practice examples of green growth from different sectors across Europe <b>Moritz Schäfer, Managing Consultant, Ecofys</b>
11:30	Coffee Break
11:45	Panel-Discussion: EU level financing for climate and green growth – opportunities for the next MFF? <ul style="list-style-type: none"><li>– Philip Owen, <i>Head of Unit, Climate finance, Mainstreaming, Montreal Protocol, DG CLIMA, European Commission</i></li><li>– Pedro Lourtie, <i>Ambassador, Deputy Permanent Representative of Portugal</i></li><li>– Martin Berg, <i>Senior Investment Officer, EIB</i></li><li>– Henning Størø, <i>Director, Financial Mechanisms Office, EEA and Norway grants</i></li></ul> <b>Chair: Matthias Duwe, Head, Climate, Ecologic Institute</b>
13:15	Close of the meeting - a light networking lunch to be served on the premises



## CONTACT

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