

2021 Discharge to the Commission

**WRITTEN QUESTIONS TO COMMISSIONER FRANS
TIMMERMANS**

Hearing on 8 November 2022

Questions concerning horizontal issues

1. What role do you or your services have in the assessment of national Recovery and Resilience Plans, and what is the framework in place to ensure that a specific percentage is spent on climate purposes? Can you provide us with detailed information in this area?

Commission's answer:

According to a Commission Decision of 24 July 2020, DG ECFIN and SG-RECOVER are jointly responsible for steering the design and implementation of the Recovery and Resilience Facility (RRF), including the assessments of the Recovery and Resilience Plans (RRPs). Within the Commission, Country teams from all relevant services provide their expertise for the discussions with Member States. While SG-RECOVER and DG ECFIN are leading the assessment of the RRFs and payment requests, experts in other Commission services are able to provide input and are specifically consulted where relevant throughout the assessment work. DG CLIMA plays an active part in this process. At political level, a Steering Board of Commissioners, chaired by the President and including Executive Vice President Timmermans, provides political guidance.

As regards the assessment process, the RRF Regulation provides a clear process and assessment criterion which the Commission has followed. An RRP is submitted by each Member State and assessed – in its entirety – by the Commission. The assessment is based on 11 criteria included in Article 19 of the RRF Regulation and expanded on in Annex V of the RRF Regulation. They concern for instance the digital and green contributions of the RRP, the monitoring and control arrangements, and the cost estimate.

Annex VI of the Regulation provides a list of climate-related ‘intervention fields’ accompanied by a coefficient of either 40% or 100% as a basis to calculate the level of financial support to climate change objectives per intervention field. For any climate-related measure, Member States indicate in their RRP within which intervention field they consider it falls. The Commission verifies, based on the description and any other information provided on the measure, whether the climate intervention field is correctly applied. If this is not the case the Commission requires the Member State to correct, split or remove the intervention field, or to provide additional information or assurance to confirm that the field is correctly applied. On this basis, and a separate assessment of the estimated costs of each measure, the Commission is able to verify whether the total climate-related expenditure of each RRP represents at least 37 % of the plan’s total allocation.

In its Special Report 21/2022 “The Commission’s assessment of national recovery and resilience plans”, the European Court of Auditors (ECA) verified the Commission’s assessment

for a sample of 42 measures. The ECA found that “the Commission had carried out a detailed assessment of the intervention fields and coefficients applied by Member States for different measures. In particular, the DGs for Energy, Climate Action, Competition, Regional and Urban Policy and the Joint Research Centre, as well as horizontal green and digital teams, had been consulted for different measures in the sample.”

2. What specific measures have been taken to mainstream climate related spending in the EU Budget? Is there a specific framework or procedures in place to ensure the adequate performance of climate spending?

Commission’s answer:

For the 2021-2027 MFF, the EU budget and the NextGenerationEU funds have a target of 30% climate expenditures. The below table shows the programme specific climate targets where those are defined in their basic acts:

Programme	% target in basic act
Connecting Europe Facility (CEF)	60%
Common Agricultural Policy (CAP)	40%
Horizon Europe (HE)	35%
InvestEU	30%
Just Transition Mechanism (JTM)	100%
Neighbourhood Development and International Cooperation Instrument (NDICI) - Global Europe	30%
Overseas Countries and Territories (OCT)	25%
Pre-Accession Assistance (IPA III)	18%
Programme for the Environment and Climate (LIFE)	61%
Recovery and Resilience Fund (RRF)	37%

For the new programming period 2021-2027, the Commission has strengthened its climate tracking methodology along several dimensions. Firstly, the relevance for climate of an individual action/intervention is now assessed based on its expected impact, rather than on the goal in whose pursuit it is financed. This helps ensure that similar actions across different spending programmes are assessed in the same manner (i.e., they are assigned the same EU climate coefficient). In addition, all EU spending programmes are subject to the do-no-harm principle, albeit in different ways, in line with the inter-institutional agreement of 16 December 2020 accompanying the MFF 2021-2027 ([https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020Q1222\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020Q1222(01)&from=EN)). Finally, at an aggregate level, a climate-adjustment mechanism is in place which empowers the Commission to propose changes to individual EU spending programmes if the aggregate minimum climate expenditure target (i.e., 30% of the EU MFF as augmented by the NGEU envelope) is at risk of being missed. With respect to the performance of climate spending, the Commission is working on establishing a methodology for an aggregate result indicator that would measure the total impact of all EU interventions in terms of reduced greenhouse gas emissions. This exercise, which also responds to the reporting commitments that the Commission has taken in the framework of its EU Green Bond issuances, is expected to produce the first results next year.

For reference, the Commission has published a staff working document (https://ec.europa.eu/info/sites/default/files/about_the_european_commission/eu_budget/swd_2022_225_climate_mainstreaming_architecture_2021-2027.pdf) with a comprehensive description of its updated methodology to track the contribution of the EU budget to climate for 2021-2027.

3. What is the evolution of gender mainstreaming in the projects funded by your DG?

Commission's answer:

The interinstitutional agreement (IIA) accompanying the MFF 2021-2027 ([https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020Q1222\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020Q1222(01)&from=EN)) mandated the Commission to develop a gender equality expenditure tracking methodology to be applied to selected centrally managed programmes by January 2023.

The new gender equality tracking methodology is inspired by the OECD DAC markers. However, in addition to the scores used under the OECD methodology (0, 1 and 2, corresponding to not relevant, significant contribution, primary objective), the Commission has introduced an additional score (namely, 0*) to capture interventions that can be potentially relevant for the promotion of gender equality but where there is currently insufficient data or analytical capacity to ascertain whether these interventions currently live up to that potential. The methodology was tested in a pilot in the context of the Draft Budget 2023 across all EU spending programmes. Based on the methodology, 95% of the EU budget is allocated to programmes that are either contributing (scores 1 and 2) or have the potential to contribute (score 0*) to gender equality.

The Commission's Gender Equality Strategy for 2020-2025 (COM/2020/152) sets out the broader commitment to equality across all EU policies. In September 2022, the Commission launched pilot projects with the participation of selected programmes with a view to strengthening the gender analysis. Furthermore, it launched in October 2022 a recurrent specialised training on the integration of the gender equality dimension in the EU budget.

In terms of research and innovation, the Horizon Europe programme aims to ensure the effective promotion and equal opportunities for all, as well as the implementation of gender mainstreaming which aims to address the causes of gender imbalance. There are 3 main levels at which gender equality is considered in Horizon Europe: I) having a Gender Equality Plan (GEP) becomes an eligibility criterion; II) the integration of the gender dimension into research and innovation is a requirement by default; III) the goal to increase the gender balance throughout the programme (target of 50% women in Horizon Europe related boards, expert groups, and evaluation committees).

For the Innovation Fund, although gender equality is not an objective per se in the Delegated Regulation (2018/856), it is considered under several dimensions: 1) about half of the National contact points are women; 2) the selection of expert evaluators encourages female participation (currently about 30% of experts are women) and 3) approximately 20% of the contact persons responsible for the project coordination are women.

Similarly, although gender equality is not among its specific objectives, the LIFE programme also has an impact on gender equality. A gender dimension is taken into account in some areas of intervention to identify how men and women relate to the environment and climate change in different ways, thus addressing specific gender vulnerabilities, for example in reaction to harmful chemicals or persistent organic pollutants. A gender perspective is also included, where relevant, at project level, often as a component of multidimensional projects. Considering the limited scope and size of LIFE and its bottom-up approach, the Commission is testing a systematic collection of the contributions to gender equality in order to integrate the gender dimension in the analysis of the performance at the end of the programme.

4. Your DG is a key player in funding research policies to achieve climate neutrality. How will be the impact and performance of the programs calculated? How have you been developed the concept of Industry 5.0

Commission's answer:

Climate mainstreaming is embedded in the Horizon Europe programme. The Horizon Europe legal basis (2018/0224(COD)) sets out that at least 35% of the overall 2021-27 budget (EUR 95.5 million) should contribute to climate objectives. The expenditure contribution to climate action will be monitored and evaluated for each individual part of the Horizon Europe programme. This analysis will be presented in detail in the Horizon Europe interim evaluation report (SWD expected to be published in Q4 2023).

As regards Industry 5.0, as for all policies, there is cross-DG cooperation. Research and innovation are crucial for the transition to a human-centric, resilient and sustainable industry (i.e. Industry 5.0). This is reflected in EU's R&I Framework Programmes, which have been supporting key elements of these three pillars of Industry 5.0 for many years, including pathways and technologies to progress towards climate neutrality. As the transition to Industry 5.0 requires actions in a wide range of areas going beyond research and innovation, DG RTD reached out to a number of services, including CLIMA to further develop the Industry 5.0 concept by elaborating support measures such as indicators, ESG ratings, awareness raising, developing breakthrough solutions, and innovation financing.

Besides, the Innovation Fund follows the last stage of the research and innovation pipeline, by supporting commercial demonstration of innovative low-carbon technologies, aiming to bring to the market industrial solutions to decarbonise Europe and support its transition to climate neutrality. The amount of greenhouse gas (GHG) emissions avoidance is one of the five award criteria for the projects funded. Indeed, the Innovation Fund will provide at least 60% of a project's grant only depending on the verified amount of GHG emissions avoidance demonstrated by the project (the remaining up to 40% of the grant can be given based on a pre-defined milestone before the project is fully up and running). Furthermore, in 2022 the Innovation Fund grant management was completely aligned with corporate templates, including the set of project indicators which have formed the Key Performance Indicator tool (KPI tool).

In addition, one of the objectives of the LIFE programme is to develop, demonstrate and promote innovative techniques, methods and approaches for reaching the objectives of the EU legislation and policy on environment and climate action. LIFE projects on climate mitigation, adaptation, governance and information and clean energy transition contribute fully to climate

objectives. Also, the LIFE projects targeting the implementation of environmental policies contribute to climate action. The impact and the performance of the programme with regard to climate neutrality are measured via a set of Key Performance Indicators, e.g. the number of financed projects, the reduction of greenhouse gas emissions, the additional annual energy savings and the additional annual renewable energy production.

Questions concerning MFF

5. Is there an estimation of the financing under the MFF 2021-2027 which is dedicated to R&I projects in support of the European Green Deal? Is there information about funds already committed for such projects in 2021

Commission's answer:

Climate mainstreaming is embedded in the Horizon Europe programme. The Horizon Europe legal basis (2018/0224(COD)) sets out that at least 35% of the overall 2021-27 budget (EUR 95.5 million) should contribute to climate objectives. Furthermore, the legal basis recalls that Horizon Europe should contribute to the biodiversity targets established for the MFF as a whole.

According to the latest figures published together with the Draft Budget 2023, Horizon Europe is substantially contributing to the EU objectives related to the European Green Deal under the climate and biodiversity mainstreaming frameworks. Please note that some interventions contribute to both priorities, due to strong synergies between the two policy areas.

	2021 (M€)	2022 (M€)	2023 (M€)	2024 (M€)	2025 (M€)	2026 (M€)	2027 (M€)	Total (M€)	% of the envelop
Climate	4 750	5 100	4 750	4 208	4 318	4 404	4 696	32 226	35%
Biodiversity	1 068	1 068	960	1 030	884	902	920	6 832	7%

Concerning clean air, the estimated contribution from Horizon Europe for the entire 2021-2027 period, is of EUR 6 192 million.

Please note that these figures may change as additional information arrives, in particular as commitments on project level from the budget 2021 can be made until end of December 2022. It is therefore not yet possible to provide a definitive figure for the total expenditure realised from the budget 2021.

6. In its Special Report 19/2022 on the Climate spending in the 2014-2020 EU budget the Court of Auditors identified shortcomings related to the reporting of climate spending. What has been changed for the current MFF? Are there improvements of the reporting of climate spending and are there many shortcomings, which still need to be addressed? How does the Commission envisage to implement ECA's recommendations?

Commission's answer:

For the 2021-2027 MFF, the Commission has significantly strengthened its climate tracking methodology. In particular, the relevance for climate of an individual action/intervention is now assessed based on its expected impact, rather than on the goal in whose pursuit it is financed. This helps ensure that similar actions across different spending programmes are assessed in the same manner (i.e. they are assigned the same EU climate coefficient). In addition, all the tracking of actual climate funding data is now done via the Commission's accounting system (i.e. ABAC).

The fact remains that at any given point in time the Commission cannot but report an estimate of the budgetary contribution to tackling climate change, rather than an exact figure. This is not just because the methodology itself is based on assumed/estimated relevance (the three coefficients 0, 40% and 100% are of course a simplification), but also because of the many different implementation modes that the various programmes follow, with their different lags. The Commission is committed to update its reported budgetary contribution whenever new information becomes available.

The Commission fully accepted four of the five ECA recommendations. In particular, the recommendation on the establishment of a consistent methodology to treat and report interventions in different programmes has already been implemented. In addition, the Commission is working on implementing the other three recommendations it accepted, such as that on measuring the impact of our spending and that on taking into account unused commitments. Concerning measuring the CAP contributions based on scientific evidence, the Commission agreed to modify, at the latest by June 2026, where warranted, the weightings referred to in Article 100(3) of Regulation (EU) 2021/2115 (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=urisrv:OJ.L_.2021.435.01.0001.01.ENG), for more precise tracking of expenditure on environmental and climate-related objectives. The recommendation on expanding the methodology to measure interventions with negative effects was not accepted by the Commission as it considered that the burden of this expansion on all relevant actors would significantly outweigh its benefits.

The Commission stance on the report and ECA recommendations is explained in full in the official replies : https://www.eca.europa.eu/Lists/ECARepplies/COM-Replies-SR-22-09/COM-Replies-SR-22-09_EN.pdf

In addition, for reference, the Commission has published a staff working document (https://ec.europa.eu/info/sites/default/files/about_the_european_commission/eu_budget/swd_2022_225_climate_mainstreaming_architecture_2021-2027.pdf) with a comprehensive description of its updated methodology to track the contribution of the EU budget to climate for 2021-2027.

7. How is the implementation of climate objectives under financial instruments financed by the EU budget controlled and reported?

Commission's answer:

Under InvestEU, at least 30% of the overall financial envelope should contribute to climate objectives. The Commission has adopted a climate and environmental tracking guidance, which provides the technical guidance and the criteria necessary to assess whether InvestEU

financing and investment operations contribute to the climate and environmental objectives and the respective InvestEU targets. InvestEU also supports blending operations with other EU programmes. In particular, the Innovation Fund is topping-up the Green Transition Investment Facility of InvestEU which contributes more directly to the climate objectives by supporting riskier projects aiming at reducing GHG emission avoidance in the energy-intensive industries and power sector. Overall, implementing partners will provide the Commission with operational reports, including data on InvestEU operations which contribute to climate objectives. The controls and reporting systems have been defined and designed, however the implementation of InvestEU is still at a very early stage.

The implementation of climate objectives under the Private Finance for Energy Efficiency (PF4EE), financed by the LIFE programme, is controlled and reported via annual operational reports produced by its implementing body, the European Investment Bank (EIB). The reports include indicators for primary energy savings and reduction of CO₂ emissions generated by each operation. The Natural Capital Financing Facility (NCFF), also financed by LIFE, contributes to climate objectives as well. Its implementation is measured with a set of indicators in the related operational reports which are discussed during the Steering Committee meetings and ad hoc meetings with the EIB.

8. Are there simplifications introduced under the current MFF which should contribute to better achievement of the climate objectives?

Commission's answer:

In the context of the new MFF, the Commission improved its approach to climate mainstreaming thereby ensuring a better contribution to the achievement of the climate objectives. The overall target for climate-relevant expenditure increased from 20% of the 2014-2020 MFF to 30% of the 2021-2027 MFF as augmented by NGEU – effectively nearly tripling the climate ambition in nominal terms.

The climate tracking methodology shifted to an impact-based classification of the various actions. This makes for a simpler application. Greater coordination and fruitful cooperation with the co-legislators also ensured that this consistency was maintained across the approved basic acts.

In addition, the climate adjustment mechanism is a novel provision which empowers the Commission to propose modifications to EU spending programmes if/when the achievement of the overall 30% minimum allocation target is/appears at risk.

Moreover, additional simplification may result from the revision of Financial Regulation as proposed by the Commission (recast proposal). In particular, this revision has the aim that budget implementation effectively helps achieve the European Green Deal. To this end, an explicit reference to the do-no-significant-harm principle is inserted, in line with the Commission's commitment to sustainable financing and the green transition.

Questions concerning SME and simplification

9. What steps have you taken and still want to take to attract even more SMEs to invest and apply in your programs?

Commission's answer:

In terms of the 2 main programmes under the responsibility of DG CLIMA, SMEs are encouraged to be involved as follows:

- The Innovation Fund has a yearly small-scale call that helps support projects with total capital costs below EUR 7.5 million. This call is particularly fitted for SMEs to apply and has simplified features compared to the large-scale calls of the Fund. The first call has already selected 30 projects for funding. For the second call for small-scale projects, with the same budget envelope of 100 million euros, CINEA has received 66 applications which are currently under evaluation. In the first two Innovation Fund calls (one large-scale and one small-scale), 22 % of participants were SMEs (based on their declaration in the online applicant profile). 10 out of the 30 projects signed following the first call for small-scale projects are implemented by SMEs, which represent thus 14% of all awarded participants in the Innovation Fund.

- Around 15% of LIFE beneficiaries are SMEs, especially in the areas of circular economy and climate mitigation. In these two areas, LIFE provides business and financial support to companies implementing “close-to-market LIFE projects”, i.e. projects launching green innovations and cleantech solutions across Europe, to ease the commercialisation of their products. In addition, with the aim of supporting Member State's effective participation in the programme and increasing the quality of submitted proposals, LIFE also envisages calls for technical assistance projects for capacity building. Among the activities suggested to the participants, some are specifically targeted at increasing the participation of certain types of applicants that struggle to access LIFE funding in a given Member State (e.g. SMEs). The ongoing ex-post evaluation of the programme, which will be adopted at the end of 2023, will help identify measures to further incentivise the participation of SMEs in the programme.

10. Has a specific monitoring policy been reinforced for new applicants, for example SMEs, who do not always have the time or knowledge of the existing rules for these programs? More generally, are information campaigns or training sessions implemented to remind people of the rules for eligible expenditure?

Commission's answer:

For the Innovation Fund programme, the Commission, regularly hosts Info Days, webinars and presentations on the application submission process, as well as on lessons learnt from previous calls. Additionally, the Commission organises technical workshops for the Innovation Fund on matters such as the relevant cost and GHG emissions avoidance calculations. These activities are reinforced by InfoDays and information sessions organised at national level by National Contact Points where the Commission or the executive agency of the Innovation Fund (CINEA) participates. Dedicated helpdesks are available during the time a call is open.

Regarding the LIFE programme, the Commission regularly organises Info Days to present the new calls to the public and guide potential applicants through the application process. During the Info Days, applicants can also book bilateral virtual meetings with CINEA's project advisers to receive further advice on the calls and the application process. A dedicated helpdesk is available during the application period.

Specific trainings are also addressed to the National Contact Points with sessions on the performance of the programme by geographic areas, lessons learnt, clarifications on financial rules and thematic sessions. Moreover, the Commission participates to information events organised by national Contact Points or other public entities at national and regional level.

In 2021, the Commission has launched a LIFE call for preparatory projects with the aim to facilitate trans-national co-operation between LIFE National Contact Points and enhance their competences through networking, knowledge sharing and trainings. The awarded project will focus on improving and professionalizing the LIFE National Contact Point service across Europe with the aim to simplify access to LIFE programme calls for proposals, lower the entry barriers for newcomers and raise the average quality of proposals submitted. Finally, with the aim of supporting Member State's effective participation in the programme and increasing the quality of submitted proposals, LIFE also envisages calls for technical assistance projects for capacity building. Among the activities suggested to the participants, some are specifically targeted at increasing the participation of certain types of applicants that struggle to access LIFE funding in a given Member State (e.g. SMEs). Activities may include, among others, tailor-made workshops on writing solid proposals; helping applicants to build (transnational) consortia or specific trainings on financial reporting.

For the Horizon Europe programme, Info Days promote specific topic calls and disseminate information about the work programme to stakeholders, but also provide advice on the application process. This includes advice on how to draft application proposals in the most effective manner, sharing key lessons learnt from evaluations, and giving insight about synergies with other parts of the programme or other EU funding programmes. The Commission typically ensures that National Contact Points (NCPs) are invited to Horizon Europe Info Days to engage with potential applicants. In this context, NCPs usually provide training sessions on practical matters such as funding rules, legal issues, proposal preparation, project management, and results dissemination.

11. Can you tell us about the new initiatives taken by your DG to continue simplifying and digitalizing procedures and programs, bearing in mind that the complexity of the rules is often blamed for the error rate?

Commission's answer:

Although programmes managed by DG CLIMA present a low level of error, the Commission continues to streamline, simplify, and digitalise across all programmes. This is done jointly with the executive agencies implementing the programmes. Apart from the overall application process, specific attention was given to the KPI collection for the new programming period.

In the context of the harmonisation of the processes for grant management, in 2021 the LIFE programme has been integrated into the corporate eGrants system. In addition, the Commission

has simplified the reporting process by limiting its scope to a reduced set of selected indicators that focus on the key aspect of projects performance and that allow for a cost-efficient collection of information by the beneficiaries. The aim of this change is to simplify the work of beneficiaries, improve the quality of the reporting results and reduce the management costs of the KPI database.

The Innovation Fund was integrated in the eGrants system from the beginning of its implementation (2020). As the successor of the NER300 programme, the Innovation Fund helps share the intrinsic financial/business risk with project promoters - who are aiming to demonstrate first-of-a-kind innovation projects that are intrinsically linked to a higher degree of uncertainty than traditional business projects - by providing said projects with the necessary funding in a more flexible way through a simpler selection process. Specifically, the Innovation Fund grants support up to 60% of the additional capital and operational costs of large-scale projects and up to 60% of the capital costs of small-scale projects. In addition, the use of simplified forms of funding envisages that such lump-sum payments are disbursed upon milestones and performance (verified GHG emission avoidance). Moreover, throughout 2021 the collection of specific projects indicators was digitalized in the application form. Furthermore, in 2022 the Innovation Fund grant management was completely aligned with corporate templates, including the set of project indicators which have formed the KPI tool. This should facilitate the collection of data both at application level and also during project lifetime, reducing burdens on beneficiaries and simplifying reporting and control processes.

Finally, and more broadly, the Financial Regulation revision (recast proposal) supports the Commission's commitment to be digital by default. It increases the efficiency and quality of controls and audits with the help of digitalisation and emerging technologies such as data-mining, machine learning, robotic process automation and artificial intelligence. Giving these aspects more visibility should lead to wider and more consistent use of digital audits and controls. This, in turn, should increase the level of assurance, while decreasing the cost of audits and controls. The proposal also aims to improve the quality and interoperability of data on recipients of Union funding for controls and audits, including through the use of a single integrated IT system for data-mining and risk-scoring. Amendments on certain rules and procedures on procurement and experts are also proposed to reflect progress on digitalisation.
