



**2020/2058(INI)**

23.7.2020

## **OPINION**

of the Committee on the Environment, Public Health and Food Safety

for the Committee on Budgets and the Committee on Economic and Monetary Affairs

on the Sustainable Europe Investment Plan – How to finance the Green Deal (2020/2058(INI))

Rapporteur for opinion: Petros Kokkalis

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## SUGGESTIONS

The Committee on the Environment, Public Health and Food Safety calls on the Committee on Budgets and the Committee on Economic and Monetary Affairs, as the committees responsible, to incorporate the following suggestions into their motion for a resolution:

1. Welcomes the Commission communication on the Sustainable Europe Investment Plan (SEIP) (COM(2020)0021), which aims to enable a just and well-managed transition towards a resilient and sustainable society; emphasises that both public and private sustainable financing will play a key role for the Union and the Member States in achieving the environmental and climate objectives of the European Green Deal, including the revised 2030 and 2050 climate, energy, and biodiversity goals and meeting the Union's commitments under the Paris Agreement, the Convention on Biological Diversity and the Sustainable Development Goals (SDGs), on the basis of the best available science; considers it essential that the investment plan enables additional investments with real added value, generates sustainable green jobs and facilitates market financing;
2. Takes note of the revised proposal for the next multiannual financial framework (MFF) with the European Green Deal at the core; expects an increase commensurate with the green transition, towards a climate-neutral, socially and environmentally resilient, gender-balanced and inclusive economy and the targets to be set by the Climate Law; believes that the new MFF should allocate sufficient resources to the promotion of those policies that contribute to the achievement of climate and environmental objectives and of the SDGs;
3. Notes that the financing of the European Green Deal could be complemented by a set of new EU own resources; suggests that any future introduction of new EU own resources could be directed, inter alia, to the financing of climate change mitigation and adaptation measures and to achieving the Union's short- and long-term climate, energy and environmental goals, as set out in the European Green Deal and mandated by the commitments made under the Paris Agreement; calls on the Commission to assess possible new financial resources for the transition which are both environmentally and socially sustainable;
4. Emphasises the need for prioritisation among the MFF expenditures;
5. Underlines the importance of increased economic growth in facilitating the necessary investments for transitioning the economy;
6. Calls on the Commission to come up with an ambitious proposal to review the different amounts allocated to the SEIP and its sustainable investment strategy, in order to take into account the investment needs for climate adaptation or for other environmental challenges, such as biodiversity, and to consider the public investment needed to address the social costs of the transition and the costs of inaction;
7. Stresses that reducing our impact on wildlife and protecting and restoring biodiversity could help us prevent the emergence of a new zoonotic disease like COVID-19; believes that, in order to strengthen the resilience of our societies, the Union and the

Member States should substantially increase public funding for nature and ensure that recovery and resilience plans and measures are subject to an ambitious binding ‘do no harm’ test;

8. Commits to a just, equitable and sustainable recovery from the coronavirus crisis that ensures that taxpayers’ money is effectively invested in the future, not the past; commits to a recovery that conditions fiscal expansion to driving the shift to a sustainable and circular economy and making societies and ecosystems more resilient, that ensures that the European Green Deal’s ‘do no harm’ principle applies to all recovery plans, that employs public and private funds to climate and biodiversity proof sustainable sectors and projects and triggers additional investment, with no money going to high-emitting sectors, and prioritising nature-based solutions, thereby generating green jobs and improving wellbeing for all within planetary boundaries; commits to a recovery that incorporates climate risks and opportunities and other environmental indicators into the financial system, as well as all aspects of public policymaking and infrastructure, and that clearly excludes any direct or indirect support to fossil fuels in the Recovery Plan and applies the polluter pays principle; calls on the Member States to prepare, by 30 June 2021, national strategies that commit to the phasing-out of support for fossil fuels, including indirect subsidies and capacity mechanisms; highlights that the green transition must be socially sustainable and not exacerbate the issues of energy and fuel poverty; believes that the costs of energy efficiency renovations should not be borne by low-income households;
9. Stresses that substantial amounts of public and private investment are needed to set the Union firmly on the path to climate neutrality as well as to a sustainable, socially fair and resilient recovery from the COVID-19 pandemic; calls on the Commission to publish, at the latest by the end of this year, climate proofing guidelines for all the funds that will be raised under the European Union Recovery Instrument and channelled through the EU programmes; calls on the Commission to apply to the support provided to third countries as part of the recovery from the COVID-19 pandemic the same principles as to recovery plans in the EU;
10. Recalls the Commission communication on its Recovery Plan for Europe (COM(2020)0456), which supports an ambitious green transition to a climate-neutral economy via funding under the Next Generation EU instrument; stresses that the first recovery plan must be aligned with the Paris Agreement, and therefore calls on the Commission to ensure that public investments made through the Next Generation EU instrument respect the ‘do no harm’ principle, that climate-relevant investments are in line with the EU Taxonomy Regulation and that national recovery plans are aligned with the National Energy and Climate Plans (NECPs);
11. Stresses that science has proven the interlinkage between health, environmental and climate crises, notably linked to the consequences of climate change and the loss of biodiversity and ecosystems; recalls that health and sanitary crises such as the COVID-19 pandemic require the EU, as a global player, to implement a global strategy, aimed at preventing such episodes from leading to climate disturbances such as extreme weather phenomena, by addressing the issues at their roots and promoting an integrated approach implementing the SDGs; calls, therefore, on the EU to enhance, as part of the Green Deal’s financing mechanisms, investments in risk management, preservation,

mitigation and adaptation policies;

12. Insists that all EU-supported investments and finance be subject to the EU Taxonomy Regulation with all-encompassing sustainability indicators, including the ‘do no significant harm’ principle, and to the Paris Agreement;
13. Recalls that under the Taxonomy Regulation the Commission must adopt by the end of 2020 a delegated act containing technical screening criteria for activities which substantially contribute to climate change mitigation or adaptation; calls on the Commission to disclose which parts of the Union’s expenditure are compliant with the EU Taxonomy and the ‘do no significant harm’ principle, including its social dimension; calls on the Commission to adopt, by 21 June 2021, an updated tracking methodology to monitor and report trends regarding capital flows towards sustainable investment as per the EU Taxonomy;
14. Calls on the Commission to assess and identify activities that significantly harm environmental sustainability, in line with Article 26(2)(a) of Regulation (EU) 2020/852 and as recommended by the European Central Bank and the central banks’ and regulators’ Network for Greening the Financial System (NFGS);
15. Insists that the European Green Deal’s ‘do no harm’ principle applies to all recovery plans;
16. Recalls that investments under the Recovery and Resilience Facility shall respect the ‘do no harm’ principle; stresses that climate-relevant investments should be in line with the EU Taxonomy and that national recovery plans should be aligned with the NECPs;
17. Calls on the Commission to ensure that the new MFF does not support or invest in activities which would lead to a lock-in of assets that are harmful to the climate and environmental objectives of the Union, considering the lifetime of the assets;
18. Reiterates its demand that at least 40 % of overall investments under the InvestEU programme should contribute to climate and environmental objectives, while all eligible investment under InvestEU should be in line with the Paris Agreement, including the 1.5°C temperature goal, and the ‘do no significant harm’ principle of the EU Taxonomy; believes that the green finance gap is surmountable;
19. Insists that no project that is inconsistent with the Union’s climate and environmental objectives, in particular the objective of limiting the global temperature increase to 1.5°C above pre-industrial levels, should be eligible under the InvestEU programme;
20. Emphasises the key role of improved energy efficiency of buildings in enabling the transition towards a carbon-neutral society; underlines that a significant amount of investment is necessary for the renovation of energy-intensive buildings in order to increase their energy performance and thus minimise their climate and environmental footprint; stresses in this regard that the SEIP should mobilise the investments necessary for a massive renovation wave;
21. Recalls that the management, preservation, adaptation and restoration of marine and coastal ecosystems and biodiversity are essential to tackle climate change and reach

climate neutrality, and that important investments are needed in this area; underlines that a sustainable Blue Economy, including sustainable fisheries, marine renewable energy, clean maritime transport and sustainable tourism, has an important role to play in the transition towards greater social and territorial resilience; calls, therefore, for the EU to take due account of this strategic sector in the SEIP;

22. Welcomes the proposed increase in the Just Transition Fund; emphasises that, under the SEIP, the Just Transition Mechanism will lead the Union's efforts in substantiating the economic and social opportunities of the transition to climate neutrality in energy-intensive regions and sectors of the EU;
23. Calls on the Commission to ensure that the Territorial Transition Plans exclude any investment that does not qualify as sustainable according to the EU Taxonomy and the 'do no significant harm' principle, and to set concrete milestones and timelines for achieving climate neutrality by 2050 at the latest;
24. Notes that, even with an ambitious funding, the available funds are not unlimited; calls on the Commission, in this regard, to establish a robust framework for increased monitoring, proofing, benchmarking and reporting of climate- and environment-related expenditure in all financing tools of the SEIP, so as to ensure the effectiveness of the allocated funds and that the EU is on track to meet its commitments; urges the Commission to present a proposal, as appropriate, setting out a binding harmonised methodology for the transparent and robust accounting of climate and biodiversity-related spending under the future MFF; calls on the Commission to conduct, by the end of 2024, an assessment evaluating climate and environmental expenditure made under the Next Generation EU instrument and the Union's MFF, in order to identify potential green financing gaps; invites the European Court of Auditors to regularly audit the implementation of the target for climate spending in the next MFF period, as set out by the Commission;
25. Calls on the Commission to assess options to extend the use of the EU taxonomy for tracking climate and environment spending in all EU public funding including the new MFF, InvestEU, the Next Generation EU instrument, the Solvency Support Instrument, the Recovery and Resilience Facility and European Investment Bank (EIB) funds;
26. Invites the Commission to come forward with a proposal to extend the use of the EU Taxonomy to the public sector and set green and sustainable public procurement criteria for Member States to minimise their environmental footprint and develop integrated reporting and accounting standards in order to integrate sustainability indicators and the EU Taxonomy, as well as an appropriate verification and auditing mechanism;
27. Calls on the Commission to revise the State aid rules, including the Temporary Framework introduced as a response to the COVID-19 crisis, as necessary in order to enable greater public support for the European Green Deal and ensure that State aid support is conditional on meeting the Union's climate and environmental objectives; notes that any revision of the State aid rules should be carefully designed so as to prevent distortions of competition in the internal market and ensure its integrity and a level playing field in any future revision;
28. Calls on the Commission, when approving a State aid request by a Member State, in

accordance with Article 108 TFEU, to include in its decision provisions that beneficiaries in carbon-intensive sectors are to adopt climate targets and green transition roadmaps, and demonstrate the alignment of their business model and activities with the objectives set out in Chapter 2 of Regulation (EU) 2018/1999;

29. Notes that climate change adaptation is not yet assessed and incorporated in the MFF climate figures; calls on the Commission to ask beneficiaries of its financial instruments in high-emitting sectors, including projects supported by the EIB, to carry out a climate adaptation stress test; points out that beneficiaries who fail the climate adaptation stress test are not eligible under the Union's financial instruments; stresses that the Commission should provide guidance to beneficiaries, based on the EU Strategy on adaptation to climate change and the European Environment Agency's data on how to align an investment project with climate adaptation requirements; stresses the need for such guidance to use appropriately the criteria established by Regulation (EU) 2020/852;
30. Calls on the Commission to extend the European Semester process by complementing the current approach based on fiscal and budgetary discipline with climate and environmental discipline, without watering down the Semester; calls, therefore, on the Commission to develop a new climate indicator, mirroring the economic indicators, to assess the discrepancy between the structure of Member States' budgets and progress towards a Paris-aligned scenario for each of the national budgets; stresses the need for this indicator to provide Member States with an indication regarding their temperature trajectory in the framework of the Paris Agreement, thus enabling the European Semester to provide recommendations for reducing their climate debt;
31. Stresses that environmental considerations and risks can be incorporated in the Member States' annual budgets and mid-term plans through the benchmarking of their green budgeting practices; calls on the Commission to facilitate exchange of best practices between Member States regarding the role of public investment in achieving the European Green Deal;
32. Stresses the need to bring down barriers to public investment in favour of the transition to a carbon-neutral economy; recalls its support for a qualified treatment for taxonomy-compliant public investments; welcomes the Commission's commitment to review the current rules of the Stability and Growth Pact, taking into account the recommendations of the European Fiscal Board; stresses that additional flexibility under the Stability and Growth Pact may be required to enable investments in climate change mitigation and adaptation and support Member States in the green transition towards climate neutrality, in a fair and inclusive manner;
33. Considers that the future renewed EU sustainable finance strategy is a major opportunity to accelerate the transition towards more sustainable retail investment; calls, therefore, on the Commission to propose the necessary legislative measures to incentivise citizens to invest in sustainable finance, based on the criteria established by Regulation (EU) 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment<sup>1</sup>;

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<sup>1</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment

34. Calls on the Commission to reform the Non-Financial Reporting Directive, taking into account the particular situation of SMEs, so as to ensure that all relevant companies operating in carbon-intensive sectors report and publish their carbon emission reduction targets in order to align with the Paris Agreement; calls on the Commission to ensure that biodiversity-related risks, impacts and dependencies are integrated in the relevant EU legislation, including the Non-Financial Reporting Directive, the delegated acts of the Disclosure Regulation and other relevant corporate and financial legislation;
35. Calls on the Commission to ensure that any future EU-backed recovery bonds are issued in accordance with the EU Green Bond Standard, the EU Taxonomy, and the ‘do no significant harm’ principle;
36. Calls for a strengthened role for the EIB and the European Investment Fund (EIF) in financing the transition; stresses that particular attention should be given to the criteria for climate, environmental and social proofing governing sustainable investment by the EIB and the EIF, based on the ‘do no harm’ principle; welcomes the new energy lending policy of the EIB and calls on it to develop as part of its ‘Climate Bank Roadmap 2021-2025’ a clear and transparent methodology using the Taxonomy, so as to ensure that all the projects financed will be aligned with the 1.5°C temperature goal of the Paris Agreement, consistently with the transition towards a climate-neutral economy and the ‘do no harm principle’ with regard to biodiversity and ecosystems; expects the remaining 50 % of the EIB’s portfolio to respect the ‘do no harm’ principle;
37. Recalls that, according to its mandate, the ECB’s economic policies should contribute to the achievement of the Union’s objectives as laid down in Article 3 of the Treaty on European Union; calls on the ECB, therefore, to press ahead with its monetary policy strategy review in order to halt as soon as possible the financing of economic activities causing harm to environmental or social objectives; calls on the ECB to evaluate how to include sustainability criteria in its collateral framework, its asset purchases and its targeted refinancing operations, while assessing ways to guide lending towards energy transition investments, in order to rebuild a sustainable economy in the aftermath of COVID-19; recalls the ECB’s commitment to employ the EU Taxonomy for these actions where relevant;
38. Calls on the European Supervisory Authorities (ESAs), together with the national competent authorities (NCAs), to proceed swiftly with annual climate stress tests on the financial institutions they supervise, as currently discussed notably in the central banks’ and regulators’ NGFS, in order to understand where and how far climate-related financial risks sit in portfolios of relevant EU financial institutions;
39. Calls on the Commission to substantially increase funding for technical assistance in the European Investment Advisory Hub (EIAH) and in other relevant funds, so as to ensure that technical assistance reaches 1 % of the total amount to be spent; calls on the Commission to focus technical assistance on projects and sectors with the highest environmental, social and resilience added value, in particular nature-based solutions that can at one and the same time deliver climate mitigation, climate adaptation and

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of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

biodiversity benefits.

## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	16.7.2020
<b>Result of final vote</b>	+: 42 -: 35 0: 0
<b>Members present for the final vote</b>	Nikos Androulakis, Bartosz Arłukowicz, Margrete Auken, Simona Baldassarre, Marek Paweł Balt, Traian Băsescu, Aurelia Beigneux, Monika Beňová, Sergio Berlato, Alexander Bernhuber, Malin Björk, Simona Bonafè, Delara Burkhardt, Pascal Canfin, Sara Cerdas, Mohammed Chahim, Tudor Ciuhodaru, Nathalie Colin-Oesterlé, Miriam Dalli, Esther de Lange, Christian Doleschal, Marco Dreosto, Bas Eickhout, Eleonora Evi, Agnès Evren, Fredrick Federley, Andreas Glück, Catherine Griset, Jytte Guteland, Anja Hazekamp, Martin Hojsik, Pär Holmgren, Yannick Jadot, Adam Jarubas, Petros Kokkalis, Athanasios Konstantinou, Ewa Kopacz, Joanna Kopcińska, Peter Liese, Sylvia Limmer, Javi López, César Luena, Fulvio Martusciello, Liudas Mažylis, Joëlle Mélin, Tilly Metz, Silvia Modig, Dolors Montserrat, Alessandra Moretti, Dan-Ștefan Motreanu, Ville Niinistö, Ljudmila Novak, Grace O’Sullivan, Jutta Paulus, Jessica Polfjård, Luisa Regimenti, Frédérique Ries, María Soraya Rodríguez Ramos, Sándor Rónai, Rob Rooken, Silvia Sardone, Christine Schneider, Günther Sidl, Linea Sjøgaard-Lidell, Nicolae Ștefănuță, Edina Tóth, Véronique Trillet-Lenoir, Petar Vitanov, Alexandr Vondra, Mick Wallace, Pernille Weiss, Michal Wiezik, Tiemo Wölken, Anna Zalewska
<b>Substitutes present for the final vote</b>	Margarita de la Pisa Carrión, Billy Kelleher
<b>Substitutes under Rule 209(7) present for the final vote</b>	Veronika Vrecionová

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

42	+
EPP	Michal Wiezik
S&D	Nikos Androulakis, Marek Paweł Balt, Monika Beňová, Simona Bonafè, Delara Burkhardt, Sara Cerdas, Mohammed Chahim, Tudor Ciuhodaru, Miriam Dalli, Jytte Guteland, César Luena, Javi López, Alessandra Moretti, Sándor Rónai, Günther Sidl, Petar Vitanov, Tiemo Wölken
RENEW	Pascal Canfin, Fredrick Federley, Martin Hojsík, Billy Kelleher, Frédérique Ries, María Soraya Rodríguez Ramos, Linea Søgaard-Lidell, Nicolae Ștefănuță, Véronique Trillet-Lenoir
GREENS/EFA	Margrete Auken, Bas Eickhout, Pär Holmgren, Yannick Jadot, Tilly Metz, Ville Niinistö, Grace O'sullivan, Jutta Paulus
GUE/NGL	Malin Björk, Anja Hazekamp, Petros Kokkalis, Silvia Modig, Mick Wallace
NI	Eleonora Evi, Athanasios Konstantinou

35	-
EPP	Bartosz Arłukowicz, Traian Băsescu, Alexander Bernhuber, Nathalie Colin-Oesterlé, Christian Doleschal, Agnès Evren, Adam Jarubas, Ewa Kopacz, Esther De Lange, Peter Liese, Fulvio Martusciello, Liudas Mažylis, Dolors Montserrat, Dan- Ștefan Motreanu, Ljudmila Novak, Jessica Polfjård, Christine Schneider, Edina Tóth, Pernille Weiss
RENEW	Andreas Glück
ID	Simona Baldassarre, Aurelia Beigneux, Marco Dreosto, Catherine Griset, Sylvia Limmer, Joëlle Mélin, Luisa Regimenti, Silvia Sardone
ECR	Sergio Berlato, Margarita De La Pisa Carrión, Joanna Kopcińska, Rob Rooken, Alexandr Vondra, Veronika Vrecionová, Anna Zalewska

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Key to symbols:

+ : in favour

- : against

0 : abstention