A greener EU budget in the balance: the 2014-2020 MFF deal

Authors:

Keti Medarova-Bergstrom

David Baldock

Kaley Hart

Axel Volkery

The unprecedented cuts in the EU's future spending plans, agreed by Heads of State and Government in early February, have been much in the spotlight. But what are the implications for the policies which shape the longer term sustainability of European society? Many of them have been severely challenged or cut disproportionately. Short term and national budgetary priorities have dominated many of the outcomes. At the same time, some important commitments have been made, for example, to devote 20 per cent of spending under the MFF to climate activities. We should remember however that climate and environmental mainstreaming is not only about dedicated climate and environmental spending but also about ensuring that the remaining 80 per cent of spending is coherent with EU climate and environmental objectives. Some of the most damaging decisions could be revised or tempered in the course of negotiations. In the next few months, however, this will require the European institutions, particularly the European Parliament, to recapture a sense of vision and act decisively.

THE EUROPEAN COUNCIL AGREEMENT

Member States reached an agreement on the 2014-2020 EU Multi-annual Financial Framework (MFF) on 7-8 February 2013. It can be considered a success for the 'budget hawks'. The deal, orchestrated by Germany in close cooperation with the UK (and with a close eye on French priorities) focused on who gets how much. A number of individual deals were negotiated for 'compensating' several new Member States in order to get them on board. The national rebates were retained and expanded to include Denmark in the club. Consequently, the post-summit press statements by national governments were overwhelmingly positive. The European Parliament however was left dissatisfied by the decision and subsequent pressure by national governments to accept it. Not unreasonably it seeks to 'negotiate' a review clause in the mid-term as a condition of its consent. It certainly has a critical role to play in the next few weeks and months, not least in relation to finalising the packages of legislation now required to implement key policies (for example the Common Agricultural Policy and Cohesion Policy) where the Parliament is a co-legislator on a par with the Council.

The European Commission has adopted a pragmatic approach, claiming that this is a good deal in the circumstances. But in the next few weeks it faces the challenge of translating agreed cuts under the principal headings into specific budgets in some areas and engaging in critical legislative questions linked to the political decisions now in the process of being finalised. Leaving aside the question of whether the Parliament accepts the MFF deal, there is a big question mark over the final budget to be fixed for the future research and innovation programme, Horizon 2020, and the only dedicated environmental/climate instrument – the future LIFE programme. There are important decisions remaining on the CAP's rural development budget which has been cut disproportionately and further weakened by transfer arrangements within the CAP. Furthermore, the cuts will also have an impact on the allocation of spending between the different priorities within each EU funding instrument.

The implications for future EU spending on the environment and climate action appear negative under most headings, with major sources of such spending (e.g. rural development) being considerably decreased. Programmes such as Horizon 2020 or the newly proposed infrastructure instrument, the Connecting Europe Facility (CEF), could provide a number of opportunities for stepping up environmental and climate action but also could move resources in the opposite direction if traditional priorities prevail in the share of actual spending over 'new' green priorities. The focus of this briefing is on Cohesion Policy and the CAP as these are the policies where the most critical decisions now lie.

The MFF deal is not the end but only the beginning. There is a long way to go to achieve a greener EU budget post 2013. This policy brief summarises the agreed cuts and their implications for environmental and climate spending. It also identifies the next steps and critical issues in the legislative and programming processes which will need to operationalise the agreed green provisions, focusing particularly on climate action.

A GAME OF NUMBERS

While the 'horse-trading' followed traditional patterns of EU budget negotiations, the debate seemed particularly inadequate in the current political and economic environment and displayed little vision for the future of a dynamic Europe. Attention to longer term EU priorities and added value seemed to be sparse. A healthy discussion on the substance could have led to a better outcome.

The European Council set a seven year budget of €960bn in commitment appropriations (or one per cent of EU gross national income (GNI)) and €908.4bn in payment appropriations.[1] This is €85bn lower than the 2012 Commission proposal and €34bn lower than the budget for the current 2007-2013 period. This is the first time that a MFF is smaller than the one preceding it. In addition to this, Croatia will join the EU in 2014, meaning that the new budget will be shared among 28 countries instead of 27, which implies less money for each Member State.

Table 1 shows the differences between the final outcome, the Commission's proposals and the allocations for the current period (2007-13). Comparisons with the Commission's proposals demonstrate where the political focus of the negotiations lay, whereas a comparison with the current MFF figures shows the real scale of the changes (increases and reductions) that Member States will face in each policy area. The latter demonstrates how priorities in the EU are changing and allows us to assess the implications for climate and environmental concerns:

- Compared to the Commission proposals, the biggest cuts are in areas such as **competitiveness** (including the new centrally managed infrastructure instrument, the CEF) (-23.5 per cent), **citizenship and security** (-16 per cent) and **external action** (-16 per cent). Despite deep cuts, however, spending in these areas is still greater than in the current 2007-2013 period (+37.3 per cent, +26.8 per cent and +3.3 per cent respectively);
- However, the €29bn budget allocated to the **CEF** includes a €10bn transfer from the Cohesion Fund for transport projects, meaning that the dedicated CEF budget is even smaller;
- Milder cuts have been imposed on **Cohesion Policy** and **direct payments under the CAP**, compared both to the Commission proposals (-4 per cent and -3 per cent) and the current period (-8.4 and -8.8 per cent). These have been the areas that have escaped more lightly during the negotiations and remain the biggest pots of money in the EU budget (€325bn and €278bn respectively, some 60 per cent of the total); and
- At the same time, **rural development** (Pillar 2 of the CAP) and the combined budget for **fisheries and the LIFE programme** were cut disproportionately hard - by around 7 per cent each from the Commission proposals, but declining by 13.4 and 27 per cent respectively from the current period.

[1] European Council (2013) Conclusions (Multiannual Financial framework) 7/8 February, EUCO 37/13, Brussels

Table 1. The evolution of the proposed MFF during the negotiation process: EUR millions*

EUR millions in 2011 prices/MFF 2014-2020 Headings*	MFF 2007-2013 (EU-27)	COM proposal July 2012		European Council					
		COM (EU-28)	% Change from 07-13	HvR 22/11/12 (EU-28)	EUCO 8/2/13 Final (EU-28)	% Change from 07-13	Change from 07-13	% Change from COM	Change from COM
1. Smart and inclusive growth	**446,310**	**503,311**	12.8	**459,691**	**450,763**	0.9	4453	-10.4	-52548
1a: Competitiveness	91,495	164,317	79.6	139,543	125,614	37.3	34119	-23.5	-38703
1b: Cohesion	354,815	338,994	-4.5	320,148	325,149	-8.4	-29666	-4.1	-13845
2. Sustainable growth: Nat. Res.	**420,682**	389,972	-7.3	**372,339**	**373,179**	-11.3	-47503	-4.3	-16793
Pillar 1: Market support and Direct Payments	304,831	286,551	-6.0	277,852	277,851	-8.8	-26980	-3.0	-8700
Pillar 2: Rural Development	98,140	91,966	-6.3	83,666	84,936	-13.4	-13204	-7.6	-7030
EMFF and LIFE**	14,211	11,455	-21.1	10,821	10,392	-26.9	-3819	-7.1	-816.0
3. Security and citizenship	**12,366**	18,809	52.1	**16,685**	**15,686**	26.8	3320	-16.6	-3123
4. Global Europe	**56,815**	70,000	23.2	**60,667**	**58,704**	3.3	1889	-16.1	-11296
5. Administration	**57,082**	63,165	10.7	**62,629**	**61,629**	8.0	4547	-2.4	-1536
6. Compensations	**920**	27	-97.1	**27**	**27**	-97.1	-893	0.0	0
Total Commitment Appropriations	**994,175**	1,045,284	5.1	**971,916**	**959,988**	-3.4	-34187	-8.2	-85296
as a percentage of GNI	1.12	1.09		1.0	1.0				
Total Payment Appropriations	925,576	987,599		-	908,400				
as a percentage of GNI	1.1	1.0		-	1.0				

Sources:

DG Budget (2012) Comparison of the 2007-2013 financial framework with the proposals for the 2014-2020. European Commission, 19.11.2012, Brussels

European Council (2012) Draft Conclusions, European Council 22-23 November 2012, 22.11.12, Brussels

European Council (2013) Conclusions (Multiannual Financial framework) 7/8 February, EUCO 37/13, Brussels

Legend:

**€ Million in 2011 prices*

***This budget line includes also agencies and margin*

On the whole, this is not a distribution of expenditure aimed at greater sustainability. On the positive side, for the first time, a target for spending on climate related activities is set out for the MFF and agreed at 20 per cent.[2] This should result in climate policy objectives being mainstreamed across a sweep of policy areas including research, cohesion, agriculture and external action. This should translate into some €27 billion per annum over the next seven years – a considerable sum.

New provisions for improving the quality of EU spending through stronger conditionalities, concentration of funds on agreed priorities and performance checks are also included in the final

[2] European Council (2013) Conclusions (Multiannual Financial framework) 7/8 February, EUCO 37/13, Brussels

agreement. The Commission's proposed national performance reserve is increased from 5 to 7 per cent of the total allocations of the five shared management funds under the Common Strategic Framework.[3] The hope is to improve the focus on results in relation to the objectives of the Europe 2020 Strategy, although there is some fear that it could lead to an overly conservative approach rather than promoting innovation, for example in rural development.

WHAT IMPLICATIONS FOR ENVIRONMENTAL AND CLIMATE SPENDING?

The implications of the MFF deal, if unchanged, are considerable. There have been important steps in the right direction but a large number which are unhelpful for the climate and environment agenda in Europe. The endorsement of the 20 per cent climate spending commitment is indeed a substantial step forward if it is translated into action. But there are a number of critical questions. It remains absolutely unclear how this target will be delivered under the different EU funding programmes[4], especially in light of the agreed cuts. The majority of the spending programmes most capable of releasing funds for climate and environment investment have been cut the most.

Rural Development, which has a major environmental element, is a case in point. The MFF agreement signals a significant change in direction of the trajectory on the **CAP** over the past 20 years. The gradual growth in the forward looking rural development budget has been reversed, with a significant overall cut of 13.4 per cent.[5] Added to this, Member States will be allowed to reduce this budget further by transferring up to 15 per cent back to Pillar 1 to fund farmers' direct payments. Those countries with below average direct payments per hectare will be able to transfer a staggering 25 per cent to Pillar 1 and many may do so given that spending on direct payments attracts 100 per cent funding from the EU. A few may go in the other direction and transfer up to 15 per cent of their Pillar 1 budget to Pillar 2 to fund more focused rural development activities, as is also permitted under the deal.

Part of the rationale of the proposed CAP reform is to 'green' direct payments to farmers to bring about an improvement in essential environmental management across most of the farmed countryside. At the same time, it is hoped that this will improve the legitimacy of the CAP in the eyes of the European public. This principle remains intact, with Heads of State agreeing to maintain the requirement to allocate 30 per cent of the **Pillar 1 budget** to compulsory green measures which sends an important signal about moving the CAP forward. However, the content of this 'greening' has taken a battering. The most significant of the green measures, the Ecological Focus Area (EFA) has been seriously limited in scope, with Heads of State agreeing that this measure 'will be implemented in ways that do not require the land in question to be taken out of production and that avoids unjustified losses in the income of farmers'. Combined with a set of further alterations advocated by the European Parliament's Agriculture Committee to weaken the greening approach and rumours of similar proposals to emanate from the Council over the coming weeks, it could be whittled away to pure greenwash. However, in designing and implementing the Pillar 1 green measures, it is worth remembering that these will need to count towards the 20 per cent climate target in the MFF as a whole, so it makes sense for governments to ensure that these measures do deliver genuine climate benefits. The onus is on Member States now to make sure this happens.

---

[3] These funds include the European Regional Development Fund (ERDF), European Social Fund (ESF), Cohesion Fund (CF), European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), which are now collectively referred to as the European Structural and Investment Funds (ESI funds)

[4] See IEEP analysis of the funding gap between the 20 per cent spending commitment and the provisions under the different EU Fund-specific Regulations at in Medarova-Bergstrom, K. and Volkery, A. (2011) Walking the talk - practical options for making the 2014-2020 EU MFF deliver on climate change. Final report for the Dutch Ministry of Infrastructure and the Environment. IEEP, Brussels.

[5] This cut can be calculated in different ways, especially when the current mandatory 'modulation' is taken into account. There will also be major discrepancies between Member States.

The budget for the European Regional Development Fund (ERDF), which is a key source of funding for sustainable and efficient energy, natural resource management and biodiversity under the **Cohesion Policy**, is reduced by €17bn compared to the Commission proposal[6] and by €25bn compared to the current period[7]. This is a significant reduction in the availability of funding and with considerable competition among priorities it is likely to result in reduced support for environmental projects. Minimum floors of funding are earmarked to support low carbon measures (for example, energy efficiency and renewable energy) but their scale and scope are yet to be agreed by the Council and the Parliament. Within this group of EU funds, the Cohesion Fund is down by €1bn from the Commission proposal[8] and €4bn compared to the 2007-2013 period[9]. Given the traditional 50/50 split between environment and transport infrastructure, this could mean that there will be €2bn less funds available for investments in waste, water and sustainable energy infrastructure in the poorest Member States compared to the current period.

The **energy infrastructure component of CEF** has been cut from €9.1 to €5.1 billion. This is certainly a negative development given the substantial investment needed for decarbonising the EU's energy infrastructure. It is unclear though how the budget will be shared between traditional energy supply measures (such as gas and oil pipelines) and low carbon projects concerned with strengthening the connectivity of renewable energy sources into the distribution grids. The latter are a major priority. The Commission's Energy 2050 Roadmap estimates additional grid investment costs of between 2011 and 2050 under various decarbonisation scenarios, compared to a current policy and initiatives scenario, of between €160 and €840 billion.[10] This scale of investment is beyond what should or could be financed by the EU public purse. Still, the EU budget is a critical tool to kick-start a more ambitious decarbonisation process and help leverage additional private capital. It is particularly important for trans-frontier projects.

The proposed cuts will give rise to a substantial reduction in the final budget for the future **LIFE programme.** The agreement suggests an overall 27 per cent cut for the LIFE and the future European Maritime and Fisheries Fund (EMFF), which are bundled together under one budget heading. If proportionately applied to both we could expect a considerable reduction from the current period. It could endanger the entire new climate component of the future LIFE programme. LIFE has always been a very small instrument (less than 1 per cent of the MFF) but it plays a critical role in delivering dedicated environmental/climate investment in pilot projects, demonstration and exchange of good practice projects. There is a strong argument to retain its budget, at least at the level proposed by the Commission, and ensure an intact climate change component if the commitment to the 20 per cent MFF spending target for climate is serious.

FOR A GREEN BUDGET, MORE WORK REMAINS TO BE DONE

First there is the question of the sums involved. The MFF agreement is a political agreement among Member States, which still needs to receive **the consent of the European Parliament**. The Parliament now has the responsibility not only of addressing the overall scale of the MFF but also ensuring that it supports EU priorities. Whilst formally the Parliament is not able to amend the MFF at this stage, but can only give or withhold its consent, in practice there may be scope for more

[6] Proposal for a Regulation on specific provisions concerning the European Regional Development Fund and the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006, COM(2011)614, 6.10.2011, Brussels

[7] DG Regional Policy: EU Cohesion funding – key statistics, http://ec.europa.eu/regional_policy/thefunds/funding/index_en.cfm

[8] Proposal for a Regulation on the Cohesion Fund and repealing Council Regulation (EC) No 1084/2006, COM(2011)612, 6.10.2011, Brussels

[9] DG Regional Policy: EU Cohesion funding – key statistics, http://ec.europa.eu/regional_policy/thefunds/funding/index_en.cfm

[10] EC (2011) Commission Staff Working Paper - Impact Assessment Accompanying the Energy Roadmap 2050, SEC(2011) 1565, Part1/2, 15.12.2011, Brussels

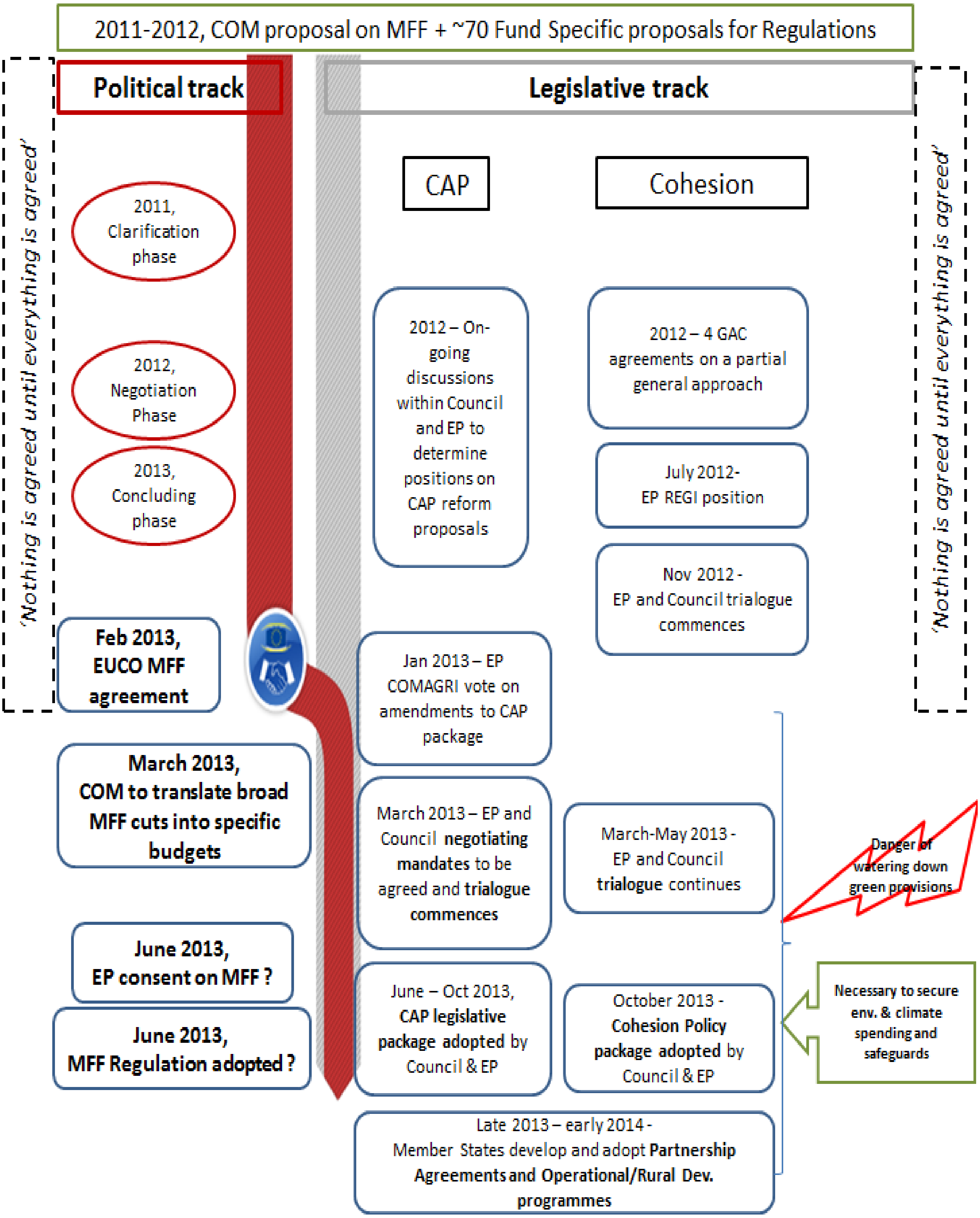
political discourse, involving some compromises. If the Parliament is minded to propose the restoration of certain cuts, a high priority should be the LIFE programme. In the past the Parliament has often supported LIFE when Member States have given it low priority. Furthermore, if the Parliament manages to secure a review clause part way through the seven year term, it would create another opportunity to improve the alignment of EU spending with EU environmental and climate priorities.

At the same time, the real work is only now beginning for some of the **legislative packages setting out the new rules for specific funds and areas of expenditure**. It is essential that the Fund-specific Regulations translate the broader green commitments into appropriate and concrete rules that ensure that new objectives are delivered on the ground. These Regulations are being negotiated in parallel to the MFF negotiations but their final provisions depend in part on the final MFF agreement. Provided that the Parliament grants its consent to the MFF agreement, these draft Regulations will be finalised in the next few months by the European Parliament and the Council. This means that ‘green’ objectives and provisions may yet be weakened further, exactly as the European Parliament’s Agriculture Committee has sought to do on the CAP. Similar trends are observed in the Regional Development Committee, in charge of the Cohesion Policy dossier, which is currently negotiating the scope of investment priorities under the ERDF and the CF. There could be a growing mismatch between the environmental language in the MFF and the operational rules which govern real outcomes. Serious concerns about greenwash then would be confirmed. There is an onus on each of the EU institutions to prevent such an outcome, with forthcoming decisions in both the Council and European Parliament vital.

For funds under shared management, the actual priorities and spending volumes for the next seven years are to be set out in the respective **Partnership Agreements and expenditure programmes** to be drawn up by regional and rural authorities by the end of 2013. Reductions in current budgets under Rural Development and Cohesion Policy might lead many authorities to allocate inadequate support for ‘new’ green objectives and lean towards traditional infrastructure investment, again underlining the need for robust provisions and safeguards in the EU rules.

Figure 1 illustrates the overall timetable and interplay between the forthcoming policy processes on the MFF, the Fund-specific legislative packages and the subsequent programming at national/regional/local levels.

Figure 1. Interplay between the policy processes



Source: IEEP

CRITICAL ISSUES FOR THE NEXT FEW MONTHS

Over the next few weeks and months, the decisions taken by Heads of State and Government will be translated into a final outcome through a combination of decisions in the Council, Parliament and Commission and will be taken forward in the trialogue negotiations on the legislative packages of the different funding instruments. Following this, Member State authorities will have the responsibility for proposing expenditure programmes for spending the resources available over the next seven years. To make the best use of these resources a number of key issues need to be addressed. **The devil increasingly will be in the detailed provisions agreed**.

First, final decisions need to be made on the funding allocated to both the main headings within the MFF and the specific budgets within the individual funds, where these are determined in advance. As noted above, the European Parliament could seek to redress the balance of expenditure more in favour of the environment, for example by increasing the allocation for **LIFE**. However, the Commission also has a key role. It is responsible for translating some of the cuts agreed by the Council under broad headings into particular budgets. LIFE is a critical issue here, since the Commission can determine how far the reduction agreed can be distributed between this and the EMFF since the two are coupled together in the MFF. The Commission has an opportunity to ensure that LIFE is protected from some of the brunt of the 27 per cent cut.

Second, the policies which support climate and environmental objectives in the MFF need to be developed accordingly in the corresponding regulations and procedures. In the absence of clear delivery mechanisms under the different EU funding instruments and associated national/regional programmes, reaching the 20 per cent climate spending commitment may become a smokescreen for a broad brush labelling exercise whereby a wide range of projects suddenly are presented by national authorities as 'climate–related spending'[11]. Currently, there are no definitions or criteria for what constitutes 'climate' expenditure in EU legislation. This means that the development of a **robust and transparent tracking methodology** should become a first order priority for the Commission.

Within **Cohesion Policy**, there is now a strong case to argue that the proposed earmarking of ERDF allocations for low carbon investment priorities should be increased during the forthcoming trialogue. The Commission has proposed that 20 per cent of national ERDF allocations in more developed and transition regions should target energy efficiency and renewable energy. The equivalent minimum commitment for less developed regions is 6 per cent. Higher shares than this have been considered already, for example in the partial agreements in the General Affairs Council (GAC) and in the Regional Development committee (REGI) of the Parliament. Now, given the agreed cuts, there is an even stronger case for demanding higher climate earmarking in line with the overall 20 per cent MFF spending target. If not, the contribution of Cohesion Policy to this target will remain negligible.

There is also a danger that the proposed concentration of ERDF spending on the core European themes will be watered down by including priorities that promote the building of conventional infrastructure, which is not necessarily consistent with climate objectives and may be in direct conflict with them. According to the Commission, at least 80 per cent of national ERDF resources in more developed and transition regions and 50 per cent in less developed regions should be allocated to three thematic objectives (research, innovation and SMEs and low carbon developments). The June General Affairs Council however agreed that instead of these three, the ERDF should target

[11] See IEEP's report Medarova-Bergstrom, K. and Volkery, A. (2011) Walking the talk - practical options for making the 2014-2020 EU MFF deliver on climate change. Final report for the Dutch Ministry of Infrastructure and the Environment. IEEP, Brussels.

four objectives, the fourth one being the development of ICT. The Regional Development committee vote in the Parliament supported the same principle of broadening the objectives but left the fourth objective unspecified. Further to this, negotiators in the trialogue must agree on the scope of the specific investment priorities in support of the different thematic objectives. The scope of action under the low carbon development objective has already been broadened considerably to include mobility projects, research and innovation for low-carbon technologies (which could also entail carbon capture and storage) as well as the promotion of high-efficiency co-generation of heat and power. Provisions to promote fossil fuel based energy supply under the ERDF already have been tabled once in the REGI committee as a European priority but were rejected during the July vote. If they do resurface they need to be resisted. Similarly, any attempts to include support for air based transport should also be contested. With a smaller envelope for energy infrastructure investments under the CEF, there could be more pressure on Cohesion Policy to support high carbon infrastructure projects; careful scrutiny of proposals by the Commission will be required. We should remember that **climate mainstreaming is not only about dedicated climate spending but also about ensuring that the remaining 80 per cent of spending** is coherent with climate objectives.

For the **CAP**, the onus is now on the European Parliament and the Council to make sure that the money available for green measures under Pillar 1 delivers as much as possible for the environment rather than further watering down the proposals as the Agriculture Committee in the European Parliament has been proposing. Key issues include reinstating the integrity of the three 'greening' measures, particularly the Environmental Focus Areas by removing unnecessary restrictions, the avoidance of double funding for farmers for carrying out similar obligations in Pillars 1 and 2 and the retention of effective forms of cross compliance for the period to 2020. These issues are all the more important in view of the diminished budget available for Pillar 2. Furthermore, there needs to be a strong link between participation in the three green measures where they apply to a farm and eligibility for other direct payments in Pillar 1.

It should be remembered that Member States will need to demonstrate that 20 per cent of the whole CAP budget is required to deliver climate benefits over the next period, with the Pillar 1 greening measures needing to play their part. However, the 20 per cent climate target should not lead to a de-prioritisation of other environmental objectives within the CAP, particularly biodiversity, water and soil. Some measure can deliver multiple benefits – for example providing support to maintain semi-natural grasslands at risk of abandonment or intensification can help to store carbon, maintain species and habitats of conservation importance, contribute to preventing erosion, flooding and minimise fire risk. National authorities will need to demonstrate where this can be achieved rather than simply ticking boxes.

RECOMMENDATIONS

- The European Parliament and the European Commission, in their different spheres, should ensure that the future **LIFE programme** is cushioned from the full impact of the cuts as foreseen; its climate component should remain at least at the level proposed by the Commission.
- The European Parliament should ensure a **mid-term review clause for the MFF**, including a revision of spending priorities and allocations in relation to climate and environmental objectives.
- The different Fund-specific Regulations being agreed in the coming months should embed clear **delivery mechanisms and levels of spending** so that the **overall 20 per cent climate spending commitment** and other environmental objectives can be delivered. This requires

reversing several of the amendments on the CAP proposed by the European Parliament's Agriculture Committee and strengthening some of the Cohesion Policy regulations.

- The European Commission should adopt a common, transparent and **clear methodology for defining and tracking climate-related expenditure**. This may be a challenge both methodologically and politically but is necessary given the 20 per cent spending commitment.
- On **Cohesion Policy**, the European Parliament should support an increase in the sums earmarked for the climate in the ERDF and ensure that the proposed thematic concentration does not include fossil fuel based energy supply and road/air transport infrastructure.
- On **CAP**, both the Council and the European Parliament need to recognise that the modified proposals for greening Pillar 1 of the CAP are losing coherence, utility and credibility in the negotiations and need to be rescued if they are to command support in wider society.
- As national authorities draw up **Operational and Rural Development Programmes**, the European Commission should ensure that climate and environmental objectives are integrated along the entire policy cycle and translate into specific objectives, priorities, funding allocations, targets and indicators.

Disclaimer: The arguments expressed in this policy brief remain solely those of IEEP, and do not reflect the opinion of any other party. Any errors that remain in the paper are solely those of the author. Funding from the European Climate Foundation is acknowledged. For more information about IEEP's work on greening the 2014-2020 EU MFF, please contact: Keti Medarova-Bergstrom at kmedarova@ieep.eu or Axel Volkery at avolkery@ieep.eu

Institute for European Environmental Policy

London Office
15 Queen Anne's Gate
London, SW1H 9BU
Tel: +44 (0) 20 7799 2244
Fax: +44 (0) 20 7799 2600

Brussels Office
Quai au Foin, 55 / Hooikaai 55
B- 1000 Brussels
Tel: +32 (0) 2738 7482
Fax: +32 (0) 2732 4004