



Green Economy and the Multi-Annual Financial Framework

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*A Green Economy for Europe – are we getting there?
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Green Economy and the Multi-Annual Financial Framework - understanding policy levers



EU rules matter more for the green economy transition than EU expenditure
-> setting the 2030 agenda is key

EU budget is an **important supportive lever**

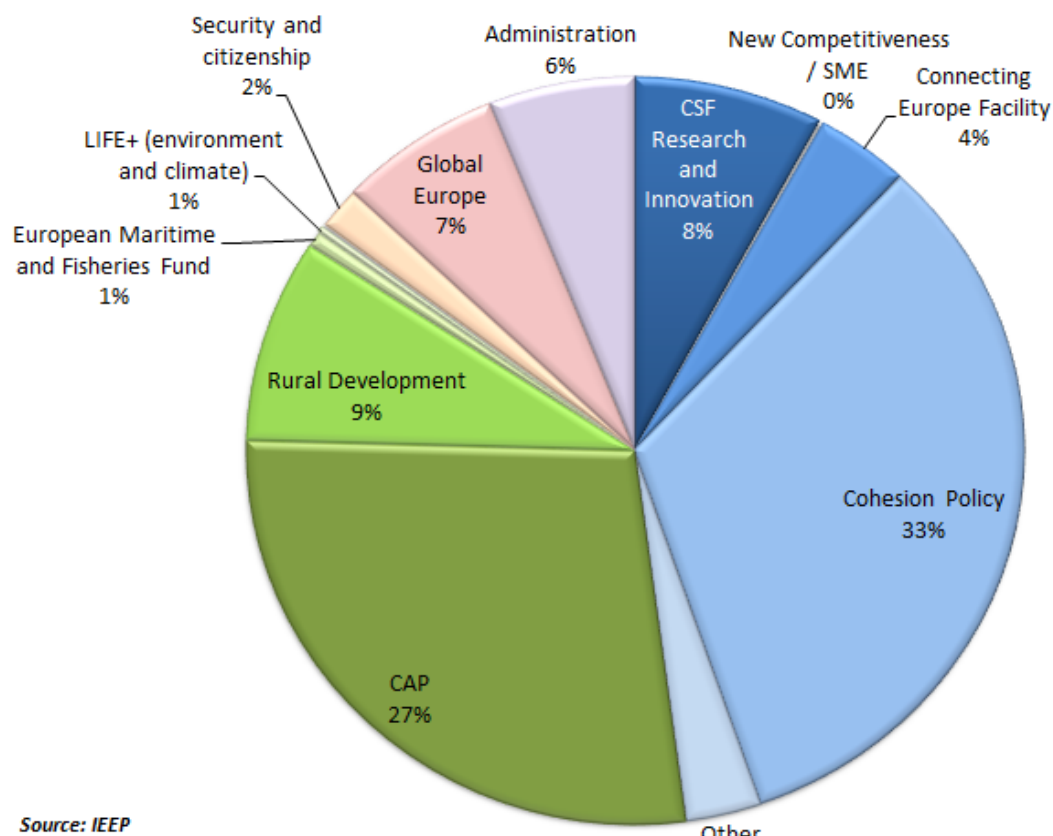
-> addressing market failure, economics of scale, cross-border issues, pilot testing, solidarity, good practice exchange



Quality of spending is very important

-> but is largely under-represented in public policy debates about the MFF

Commission proposal for 2014-2020 EU MFF:



TOTAL = 1 025 billion
1.05% of GNI

- Heading 1: Smart and incl. growth
- Heading 2: Sustainable growth
- Heading 3: Security and citizenship
- Heading 4: Global Europe
- Heading 5: Administration

Source: IEEP

Evolution instead of revolution:

no break with the generic composition, but relatively bold proposals for re-prioritisation within the overall framework

Commission proposal 2014-2020 EU MFF:



- 👍 Increase to areas of key relevance to a green economy transition, including low-carbon innovation, research and infrastructure
- 👍 Commitment to spend 20% of the MFF on climate related activities – critical role for “mainstreaming”
- 👍 “Connecting Europe” facility with a priority focus on low-carbon activities
- 👍 Provisions for improving the quality of EU spending through
 - stronger conditionalities, including CAP (greening of Pillar I)
 - Better synergies (Horizons 2020 / COSME)
 - concentration and performance checks for the funds under shared management

Proposals still modest compared to the investment needed to decarbonise and climate proof key sectors such as energy, transport and buildings.
Environmental priorities less well addressed compared to climate.

Outcomes from Council negotiations



EUR millions in 2011 prices/MFF 2014-2020 Headings*	MFF 2007- 2013 (EU-27)	COM proposal July 2012	European Council		
		COM (EU-28)	EUCO 8/2/13 Final (EU-28)	% Change from 07-13	% Change from COM
1. Smart and inclusive growth	446,310	503,311	450,763	0.9	-10.4
1a: Competitiveness	91,495	164,317	125,614	37.3	-23.5
1b: Cohesion	354,815	338,994	325,149	-8.4	-4.1
2. Sustainable growth: Nat. Res.	420,682	389,972	373,179	-11.3	-4.3
Pillar 1: Market support and Direct Payments	304,831	286,551	277,851	-8.8	-3.0
Pillar 2: Rural Development	98,140	91,966	84,936	-13.4	-7.6
EMFF and LIFE**	14,211	11,455	10,392	-26.9	-7.1
3. Security and citizenship	12,366	18,809	15,686	26.8	-16.6
4. Global Europe	56,815	70,000	58,704	3.3	-16.1
5. Administration	57,082	63,165	61,629	8.0	-2.4
6. Compensations	920	27	27	-97.1	0.0
Total Commitment Appropriations	994,175	1,045,284	959,988	-3.4	-8.2
as a percentage of GNI	1.12	1.09	1.0		
Total Payment Appropriations	925,576	987,599	908,400		
as a percentage of GNI	1.1	1.0	1.0		

Implications for environmental spending?



- 👍 (Modest) increase to areas of key relevance to a green economy transition, including low-carbon innovation and infrastructure
 - 👍 Commitment to spend 20% of the MFF on climate related activities
 - 👍 Provisions for improving the quality of EU spending through stronger conditionalities and concentration and performance checks for the funds under shared management
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- 👎 Key policies for green economy spending have been cut disproportionately (e.g. Rural Development, Cohesion Policy and CEF)
 - 👎 Transfer of Rural Development budget and limiting green measures under Pillar I seriously undermines needed increase in spending on public goods
 - 👎 How will overall 20% commitment be delivered, particularly under shared management?

Mainstreaming: the achilles heel of implementation



- Mainstreaming: implementation remains achilles heel
- Climate and environmental objectives need to be integrated along the entire policy cycle and translate into specific objectives, priorities, funding allocations, targets and indicators:
 - **For centrally managed funds:** Multi-annual implementation programmes for centrally managed EU funding instruments
 - **For shared management:** Operational and Rural Development Programmes, the European Commission should ensure that

Effective delivery in practice depends on the policy action of a large number of actors with diverging policy interests and information gaps

Critical issues in the next week



EP and EC 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.

EP should ensure a **mid-term review clause for the MFF**, including

- a revision of spending priorities
- allocations in relation to climate and environmental objectives



Critical issues in the next months



Commission needs to adopt a common, transparent and **clear methodology for defining and tracking climate-related expenditure.**



Fund-specific Regulations should embed:

- Clear **delivery mechanisms and levels of spending** re climate spending commitment
- **Provisions and safeguards** on ex-ante conditionality and performance check
- *Requires reversal of amendments on CAP proposals and strengthening Cohesion Policy*



Critical issues for policy areas



- **Horizons 2020**
 - Cuts should not affect adversely the earmarkings for climate/environment;
 - Consider introducing a targeted 'climate window'
- **COSME**
 - Building on the earmarking for eco-innovation, ensure that a 'green/climate window' targets green investment in SMEs
- **Connecting Europe Facility for Energy**
 - Sufficient share targets the integration of RES in the distribution grids
- **Connecting Europe Facility Transport**
 - Ensure that priority is maintained for low-carbon modes of infrastructure
- **Cohesion Policy**
 - support an increase in the sums earmarked for the climate in the ERDF
 - thematic concentration does not include fossil fuel based energy supply and road/air transport infrastructure
- **CAP**: modified proposals for greening Pillar 1 of the CAP are losing coherence, utility and credibility and need to be rescued

Providing direction: critical issues



Balancing **long-term stability** and **short-term flexibility** is a key governance challenge:

- Re-boosting market confidence needs long-term clarity & certainty
- Policy flexibility is needed to some extent to account for outcomes of policy evaluation



Timing of **policy** and **investment cycles** differ:

- Political cycles might allow for agreeing on 2030 agenda by 2015 ff.
- Programming of investment cycles (ie. EU budget) might pre-empt decisions before



Thank you for your attention !

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