

Cohesion Policy and Climate Change

Presentation of the final study

*European Parliament
Committee on Regional Development*

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Study objective and key research questions

Main purpose of the study:

- Provide an assessment of how Cohesion Policy currently contributes and can contribute in the future to the attainment of the goals of EU Climate Policy

Key questions:

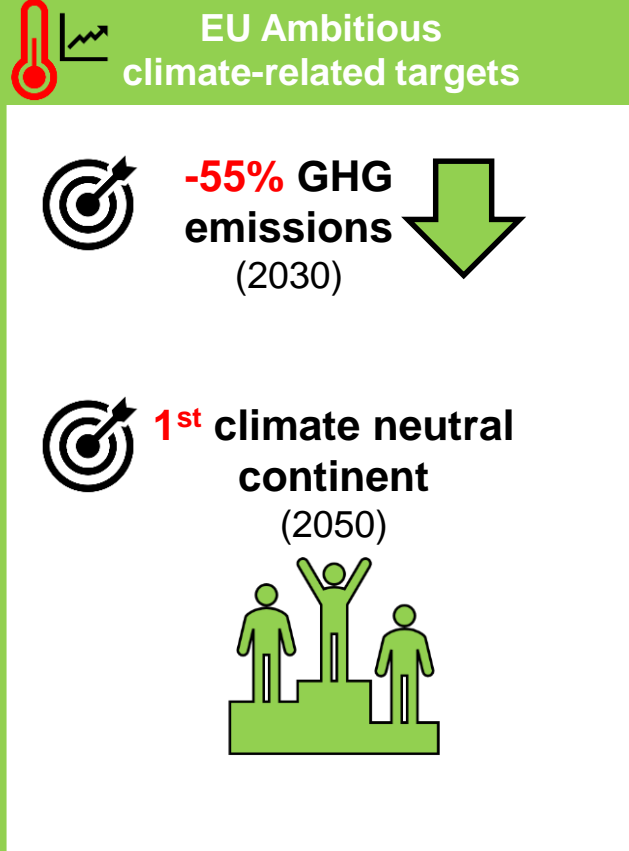
- How much of Cohesion Policy goes to climate action and to what kind of initiatives, across EU regions?
- What is the role of Cohesion Policy in the context of the Paris agreement and the European Green Deal?
- What are the impacts of phasing out fossil fuels and what implications for EU regions?

Mixed methodological approach:

- Desk research, statistical analysis and interviews with Managing Authorities of Operational Programmes

Cohesion Policy in the context of the global climate crisis

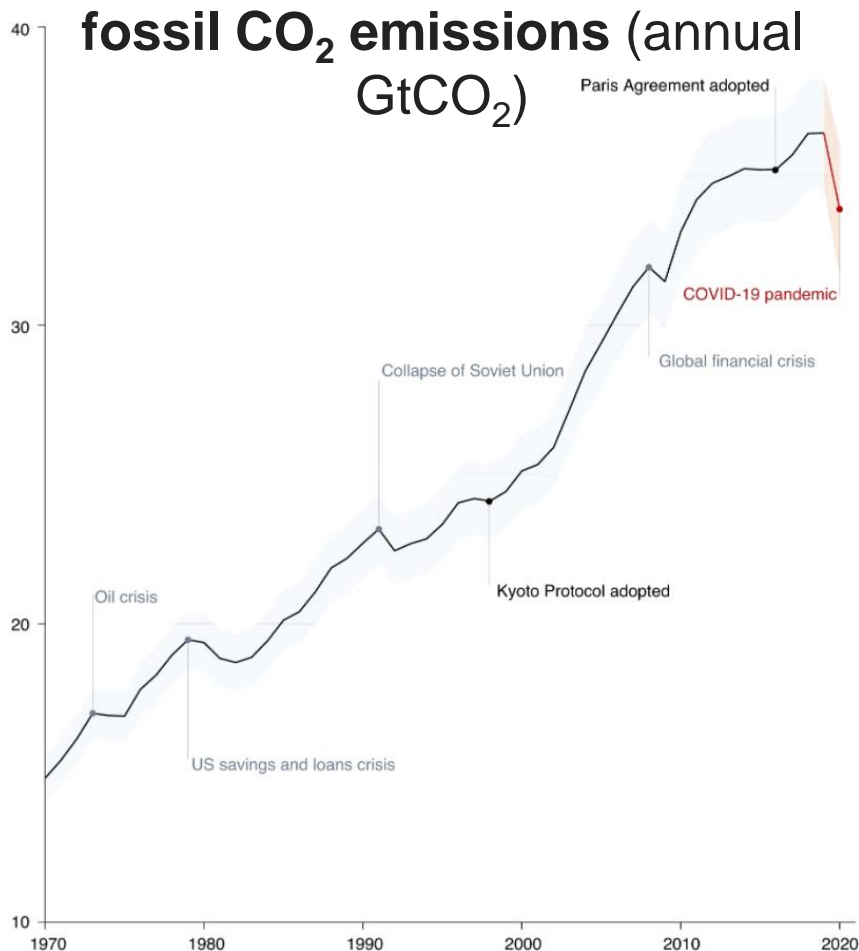
- The **EU is heavily hit by climate change**. Warming is higher than global average, with negative effects in most regions and especially in southern territories
- In view of the importance of fighting climate change, the Green Deal was launched and ambitious targets set
- It is a difficult fight...
 - Global warming is a **cumulative process** and even if we stop emitting today the problem is still there (e.g. concentration of CO₂ goes up, COVID-19 did not have a permanent mitigation effect, record in temperature etc.)
 - Mitigation requires **global action** while **further adaptation effort** is necessary. The EU can be a leader in climate action, reduce its own emissions, boost adaptation.
- Considering the **severe and asymmetric impacts of climate change across the EU**, the role of Cohesion Policy is very important



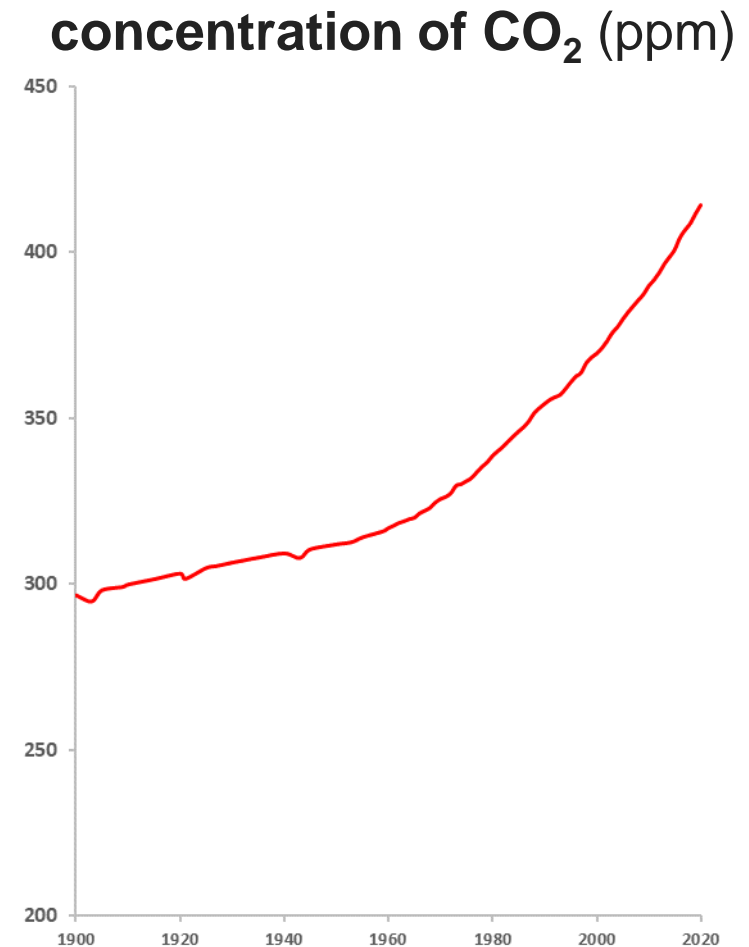
EU Ambitious climate-related targets

- Target 1: **-55% GHG emissions (2030)**
- Target 2: **1st climate neutral continent (2050)**

Persistence of climate change: examples



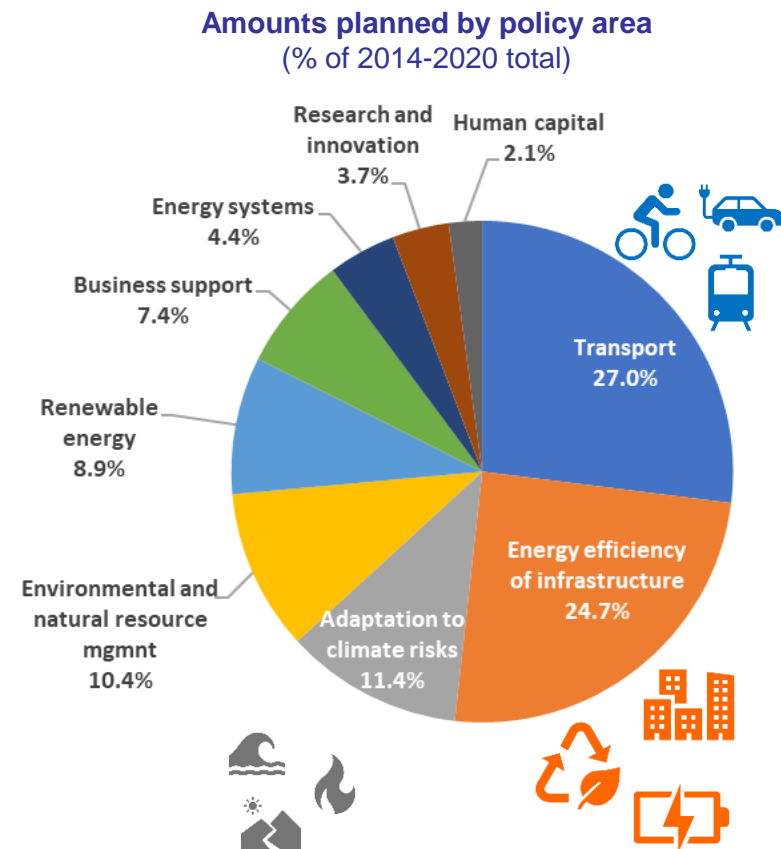
Source: Le Quéré, C., Peters, G.P., Friedlingstein, P. *et al.* Fossil CO₂ emissions in the post-COVID-19 era. *Nat. Clim. Chang.* 11, 197–199 (2021).



Source: UNEP - GRID.

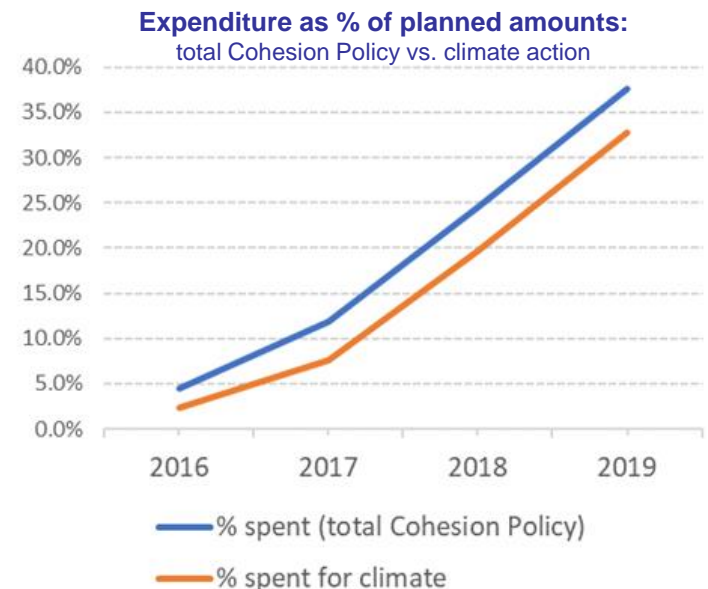
Cohesion policy contribution to climate action: how much and for what kinds of intervention


- **In 2014-20**, **15.9% of total** planned Cohesion Policy, EUR 56.5 bn (ERDF, CF and ESF), assigned for climate action.
- **In 2021-27**, **at least 25%** or roughly 77.2 billion is expected to go to climate: a significantly higher share.
- For more than $\frac{1}{2}$ of the Member States, most notably central & eastern EU, the amounts are significant (10%+ of National Expenditure on Environmental Protection).
- Most of the funds have been allocated to **transport**, **energy efficiency** renovation of public infrastructure, **adaptation** to climate change and risk prevention...




Performance of initiatives financed by Cohesion Policy

- A wide array of initiatives for climate change **mitigation and adaptation** were financed in EU regions, facilitating learning among managing administrations. Several will be continued in 2021-2027
- The **rate of expenditure is lower** for climate operations compared to total Cohesion Policy, due to a longer implementation cycle of investments on energy efficiency and renewable sources.
- This is reflected in slower delivery of **achievements** in relation to mitigation (e.g. GHG reduction and RES production capacity), while adaption to extreme weather events and environmental risks perform better.



 **64% of target population protected from forest fires (2019)**

 **4 million people protected from floods (2019)**

Cohesion Policy in the context of the Paris agreement and the Green Deal

- From the **Paris Agreement** to the **European Green Deal**, increasingly ambitious climate goals but success is not guaranteed...
- The world is **not on track to keep the promises** of Paris, while the Green Deal needs to trigger significant green investment to meet targets and **achieve climate neutrality** in the next 30 years.
- What about **Cohesion Policy**?
 - Limited financial role but **important catalytic effect**, especially where it is a major source of public investment
 - Implementing the Green Deal requires several transformations & Cohesion Policy can have an **enabling role**: *promoting innovation, technology diffusion, employment, education, infrastructure development, transition to a circular economy paradigm...*
 - Interventions on climate and sustainability contribute to **reduce territorial imbalances**, by addressing the specific needs of each region with place-based actions.

Are we going to keep promises?



+1.5°C

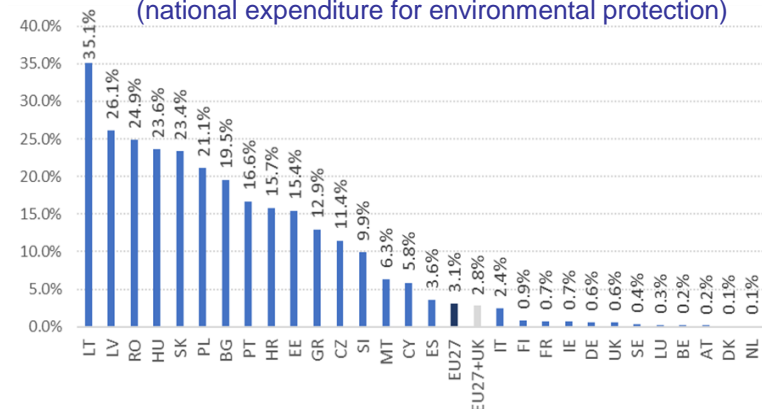
Limit warming compared to pre-industrial levels ?



1st climate neutral continent ?



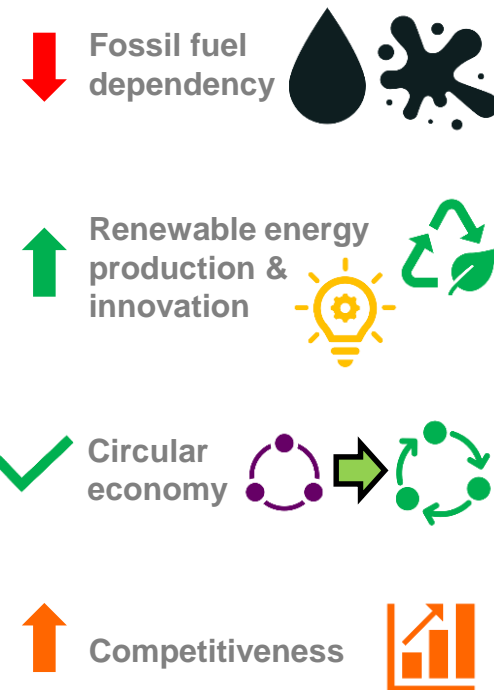
Cohesion Policy for climate action as % of NEEP
(national expenditure for environmental protection)



Decarbonisation is central to achieve the Green Deal objective of climate neutrality

- **Decarbonisation**, or reducing CO₂ output per unit of generated electricity, which mostly comes from the combustion of fossil fuels, will have overall **beneficial effects** in the EU
- There are also costs of **phasing out fossil fuels** such as:
 - ✓ increased costs of energy systems (e.g. costs for producing renewable and low-carbon energy, and for energy transmission)
 - ✓ additional investments in energy efficiency necessary to achieve the GHG emission reduction targets (e.g. costs for enhancing energy efficiency across all sectors).
- The transition away from fossil fuels will also produce **savings** on import bills which may partially compensate the costs of phasing out.
- Cohesion Policy to contribute to decarbonisation and to the transition towards a circular economy

Benefits of decarbonisation



How to enhance climate action financed by Cohesion Policy? (i)

- There are some **weaknesses** in how Cohesion Policy pursues climate objectives which should be addressed to enhance effectiveness...
- Make a **greater effort to ensure mainstreaming** of climate change in Cohesion Policy interventions
- Avoid fragmented initiatives, achieve a **critical mass** and invest more in climate-related RTDI
- Promote the shift towards a **circular economy** (e.g. require that energy and material savings are an integral part of enterprise projects)
- Raise public awareness, and boost behavioural change through education and training, as well as through effective communication
- **Promote capacity building** amongst public administrators, on complex climate change issues to foster design of mitigation and adaptation measures
- Considering the slow progress of climate-related action in 2014-2020, **simplify and reduce administrative burden**, as much as possible, for beneficiaries and Managing Authorities, without losing focus

How to enhance climate action financed by Cohesion Policy? (ii)

- Climate action should not be neutralised by investments in other areas which may contribute to climate change (e.g. supporting **unsustainable uses of biomass and natural gas** infrastructure)
- Local plans (e.g. Sustainable Energy and Climate Action Plans; regional environmental strategies) could be a condition to access funding to ensure that the **most appropriate energy mix** for satisfying the demand of local communities is identified
- Continuity of successful 2014-2020 interventions in the next programming period is important to ensure a durable impact
- Monitoring climate expenditure is essential to measure achievements. However, the method used for **tracking climate expenditure** has shortcomings, which need to be corrected
- The system of output and result indicators also needs improvement while **systematic evaluations** of the contribution towards achieving the set targets are essential

Thank you for your time and attention!

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Link to the study:

- [https://www.europarl.europa.eu/thinktank/en/document.html?reference=IPOL_STU\(2021\)652247](https://www.europarl.europa.eu/thinktank/en/document.html?reference=IPOL_STU(2021)652247)

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Regional Development