



Climate Change in the 2014-2020 Cohesion Policy: the way ahead?

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5 December 2011, Pravetz

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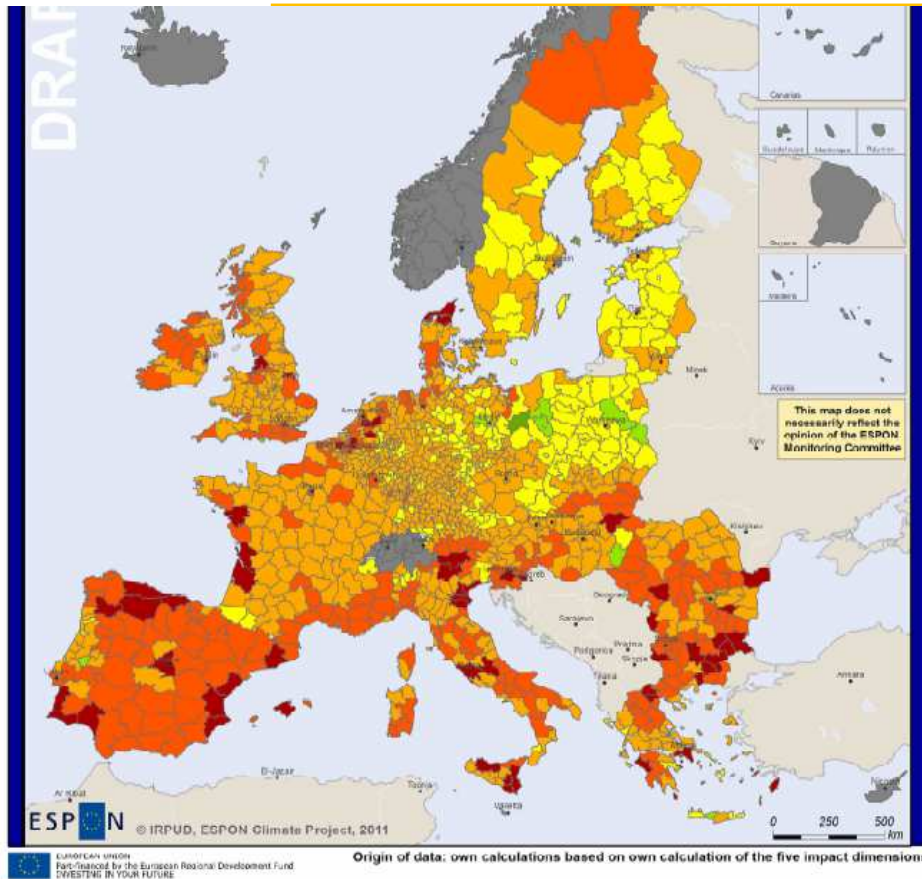
- IEEP is an **independent research organisation** concerned with policies affecting the environment in Europe and beyond
 - **Research and consultancy** on the development, implementation and evaluation of environmental and environment-related policies in Europe
 - **Policy advise and intelligence**
 - **Capacity-building**
- Interdisciplinary staff including lawyers and natural and social scientists
- **Key research areas:**
 - Governance (including the reform and greening of EU budget and related funding instruments)
 - Agriculture and land management
 - Biodiversity
 - Climate change and energy
 - Resources use, waste and chemicals
 - Water, marine and fisheries

Outline of presentation

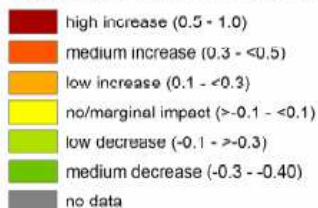


- **What role of EU Cohesion Policy for tackling climate change?**
- **EU policy context**
- **Mainstreaming – interventions and tools**
- **Concluding remarks and next steps**

Aggregate impact of climate change



Aggregate potential impact of climate change

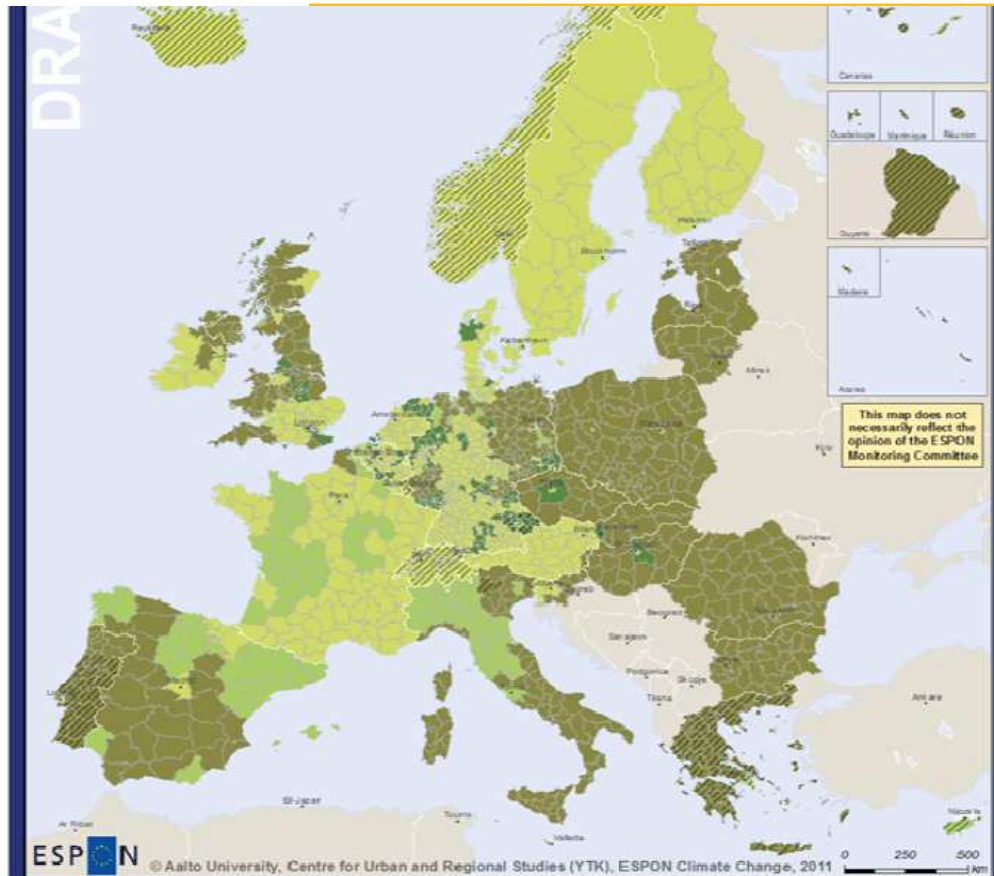


Weighted combination of physical (weight 0.19), environmental (0.31), social (0.16), economic (0.24) and cultural (0.1) potential impacts of climate change. Weights are based on a Delphi survey of the ESPON Monitoring Committee.

Impact calculated as combination of regional exposure to climatic changes and recent data on regional sensitivity. Climatic changes derived from comparison of 1981-1990 and 2071-2100 climate projections from GCM model for the IPCC SRES A1B scenario. Regional coastal storm surge heights were calculated on the basis of a one metre sea level rise.

- Combined physical, social, economic, environmental and cultural factors
- Some hot spots in **Bulgaria**
- Particularly due to expected negative impacts on tourism and agriculture
- Significant impacts on environment, e.g. soil erosion

Response capacity to climate change



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Response Capacity of European Regions

Relative adaptive and mitigative capacities

- High adaptive capacity - High mitigative capacity*
- High adaptive capacity - Low mitigative capacity*
- Low adaptive capacity - High mitigative capacity*
- Low adaptive capacity - Low mitigative capacity*
- Gaps in source data

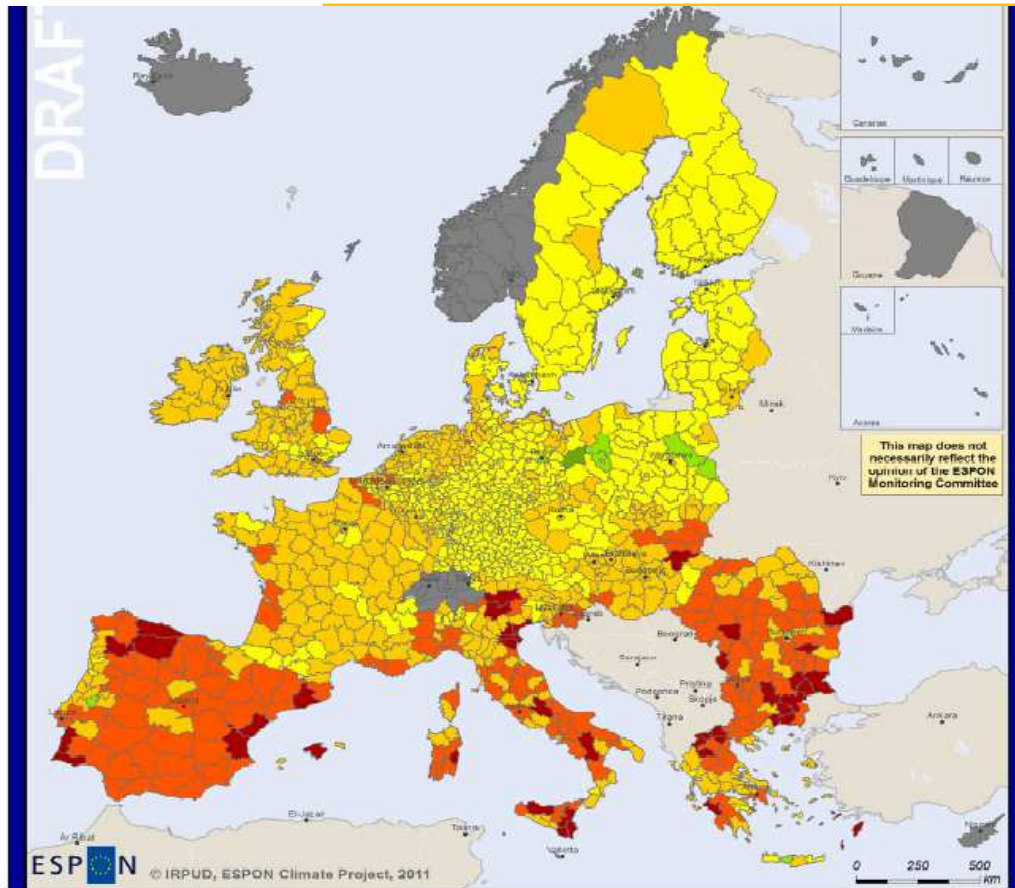
The response capacity is described through adaptive and mitigative capacities of regions. Total of 15 indicators are used to calculate the adaptive capacity index, while 10 are used for the mitigative capacity index. The regions are ranked and divided into quintiles for each indicator. The indices are calculated as weighted averages of the indicator quintile positions. Please refer to the Final report of "ESPON Climate Change" for details on the methodology.

Source: EEA, ESPON Database, Eurostat, Finnish social science data archive (FSD),
GESIS, Massey & Bergama (2009), INSIS, UNFCCC, World Bank, 2010.
Origin of data: 2005-2006.
Please refer to the final report of "ESPON Climate Change" for details.
© EuroGeographics Association for administrative boundaries

Regional level: NUTS 3

- Response capacity includes:
 - ✓ Mitigation
 - ✓ Adaptation
- Response capacity integrates:
 - ✓ Availability and penetration of new technologies (technology and infrastructure)
 - ✓ Willingness and ability of society to change (knowledge and awareness, institutions, economic resources)
- Bulgaria is a country with 'low adaptive capacity – low mitigative capacity'

Potential vulnerability to climate change



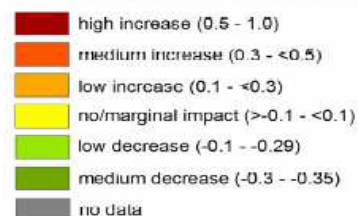
Climate change will affect regional development and vice versa

Climate change is expected to deepen existing socio-economic imbalances between core-periphery

ESPON © IRPUD, ESPON Climate Project, 2011
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Origin of data: own calculations based on the aggregate impact and adaptive capacity data.

Potential vulnerability to climate change



Combination of aggregate potential impact and adaptive capacity to climate change.

What role for Cohesion Policy?



1) Cohesion Policy seeks to address economic, social and territorial disparities

- Climate change impacts are expected to be territorially differentiated
- Expected to exacerbate further economic disparities due to losses in key economic sectors
- Climate change investments as economic drivers

2) Solidarity with Member States to catch up with EU standards

- Help Member States meet EU's 20/20/20 climate and energy targets
- Help Member States adapt to climate change

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EU strategic objectives and climate change



- **Europe 2020 Strategy**
 - Goals: smart, sustainable and inclusive growth
 - Headline targets: *inter alia* 20-20-20 climate and energy targets
- **Resource Efficiency Flagship Initiative**
 - Transition to low-carbon and resource efficient economy
 - Cohesion Policy and sustainable growth (COM(2011)17, 26.1.2011)
- **2050 Roadmap** to a low carbon economy
 - Reducing domestic emissions by 80 to 95%
 - Additional €270 billion or 1.5% of its GDP annually

Mainstreaming climate change in EU budget



EU Budget Review COM, October 2010

- Re-prioritisation of goals and needs inside policies like research, **cohesion**, agriculture and rural development
- Underpinned by clear political 'earmarking' (allocating a fixed amount of financing for these objectives)
- Linked to a cross-cutting requirement for reporting of the types and amounts of expenditure made

2014-2020 EU Multi-annual Financial Framework COM, June 11

- Contribute to low carbon, resource efficient and climate resilient economy
- At least 20% of the EU budget to be dedicated to climate change under **cohesion**, research and innovation, agriculture and external aid
- Focus on promoting synergies, consistency and cost-efficiency in spending

Mainstreaming climate change in Cohesion Policy (1)



- Climate change mitigation, adaptation and risk prevention should be ***integrated*** throughout the programme cycle
- ***Reinforced strategic orientation***
 - Common Strategic Framework
- ***Thematic concentration***
 - Menu of 11 thematic objectives
 - Shift towards low-carbon economy in all sectors
 - Climate change adaptation, risk prevention and management
 - Earmarking (relative share of allocations dedicated to specific measure)
 - 20% of ERDF allocations to developed and transition regions-> EE&RES
 - 6% of ERDF allocations to less developed regions (**Bulgaria**) ->EE&RES
 - 5% of ERDF allocations -> sustainable urban development

Mainstreaming climate change in Cohesion Policy (2)



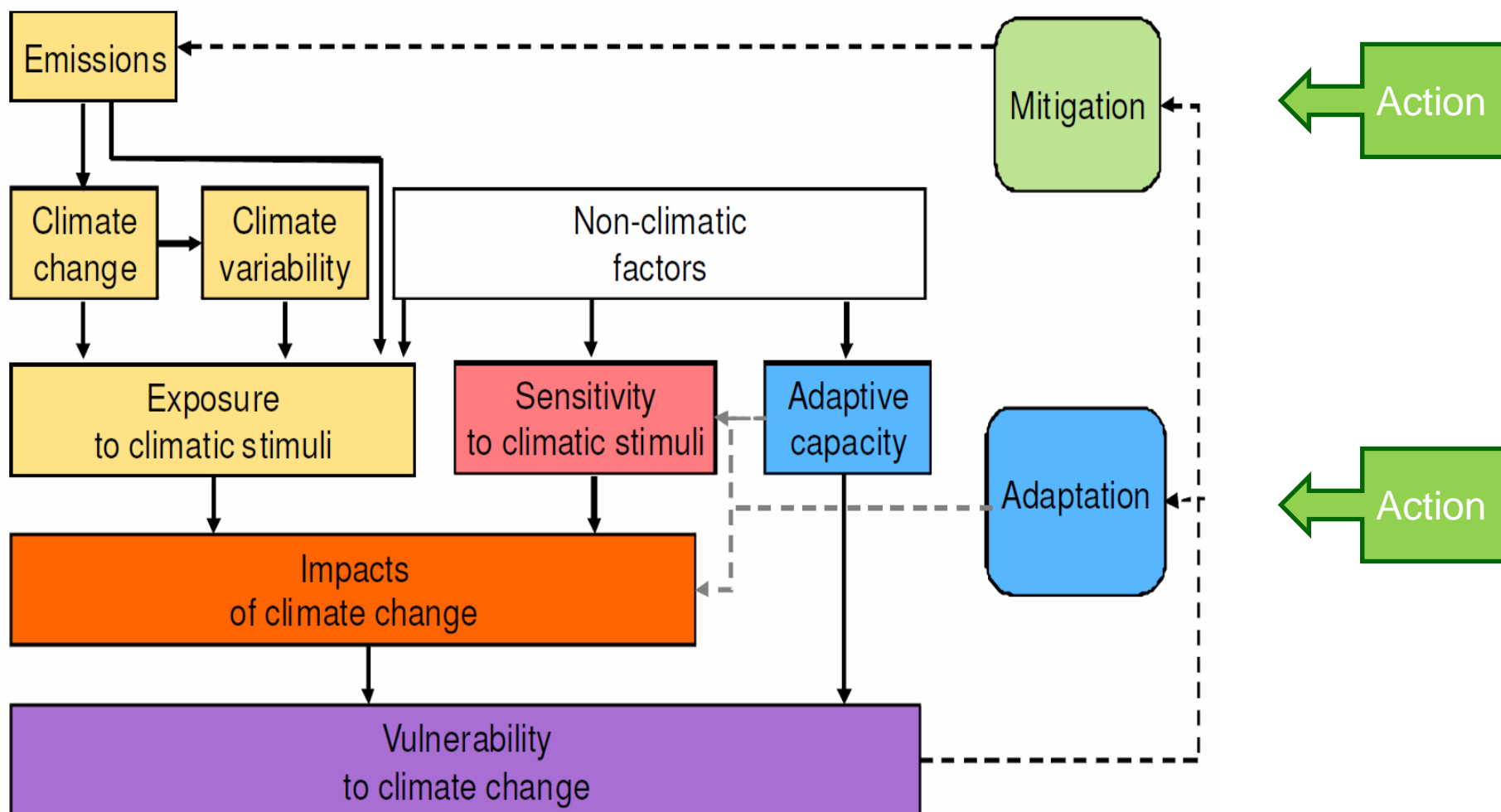
- ***Ex-ante conditionality***
 - EE, RES, risk assessments, institutional capacity for SEA/EIA, result indicators
- Cross-cutting obligation to ***track expenditure***
 - Based on Rio markers methodology
- ***Performance framework***
 - Priority, targets (for 2022) and milestones (for 2016 and 2018)
 - 2017 and 2019 performance reviews
 - Performance incentives (5% reserve and/or suspend)
- ***Major projects***
 - Take into account mitigation, adaptation and resilience

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Inter-linkages: mitigation and adaptation



Vertical mainstreaming - interventions



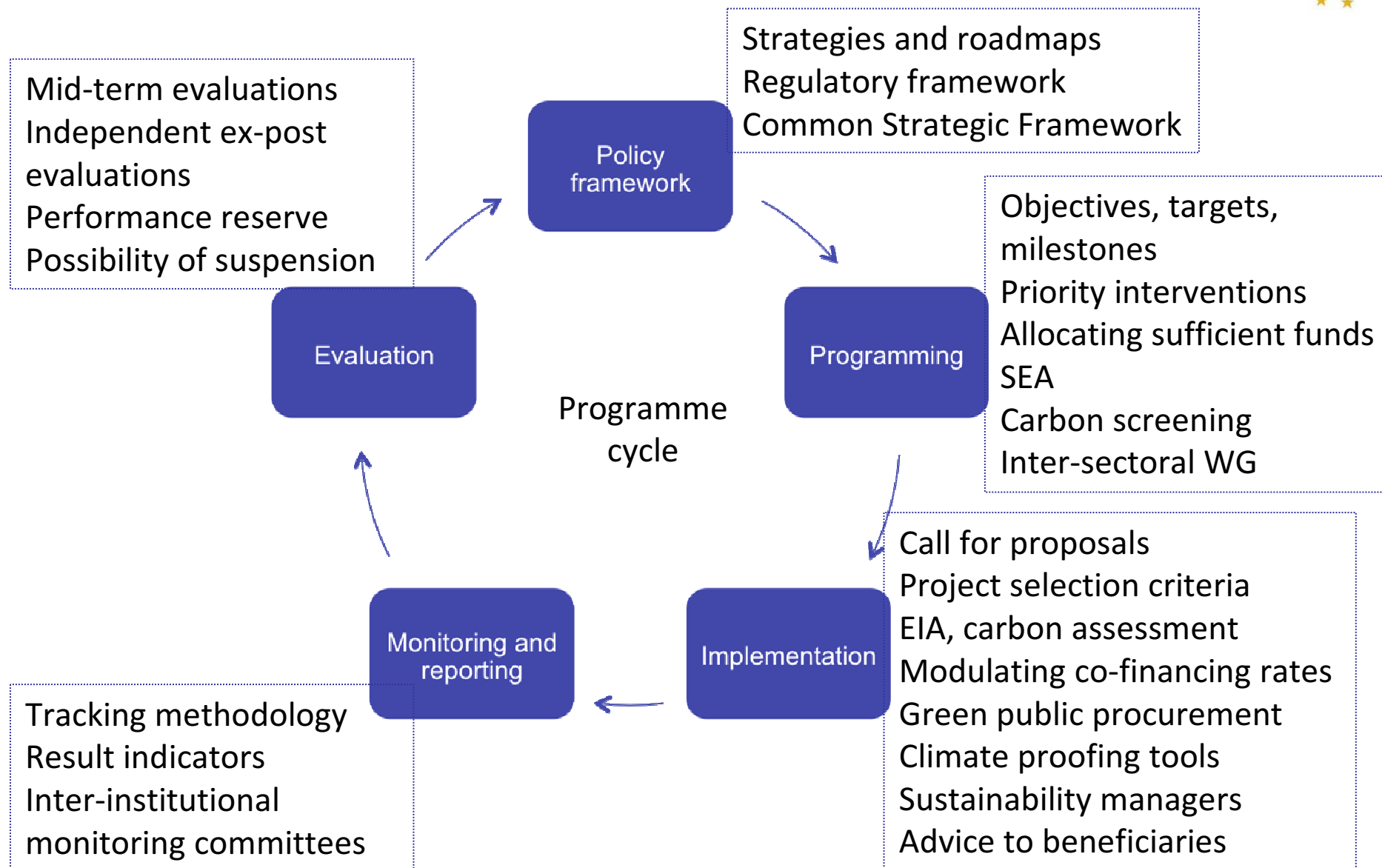
- **Mitigation**
 - Energy savings
 - Renewable energy
 - Smart grids, transmission networks
 - Low carbon transport systems
 - Eco-innovation and research
 - Low-carbon urban development
- **Adaptation**
 - Grey (man-made infrastructure)
 - Green (eco-system based)
- **Knowledge, institutional capacity and governance**
 - Technical assistance, maps, studies, evaluation, external experts
 - Training, skills, exchange of good practice
 - Cross-border and macro regional actions

Recommendations



- Climate change is cross-cutting issue -> respective measures integrated under different sectoral and regional development programmes
- Ensure coordination and complementarity of actions
- Scale up funding for 'win-win' solutions
 - *Economic*: Efficiency of production processes and competitiveness
 - *Social*: Energy poverty
 - *Environmental*: Resilience of ecosystems
- Shift funding from more carbon intensive to more climate friendly solutions (roads->rail)
- Avoid 'maladaptation' and/or controversial practices (e.g. RES in sensitive ecosystems)

Horizontal mainstreaming - tools



Recommendations



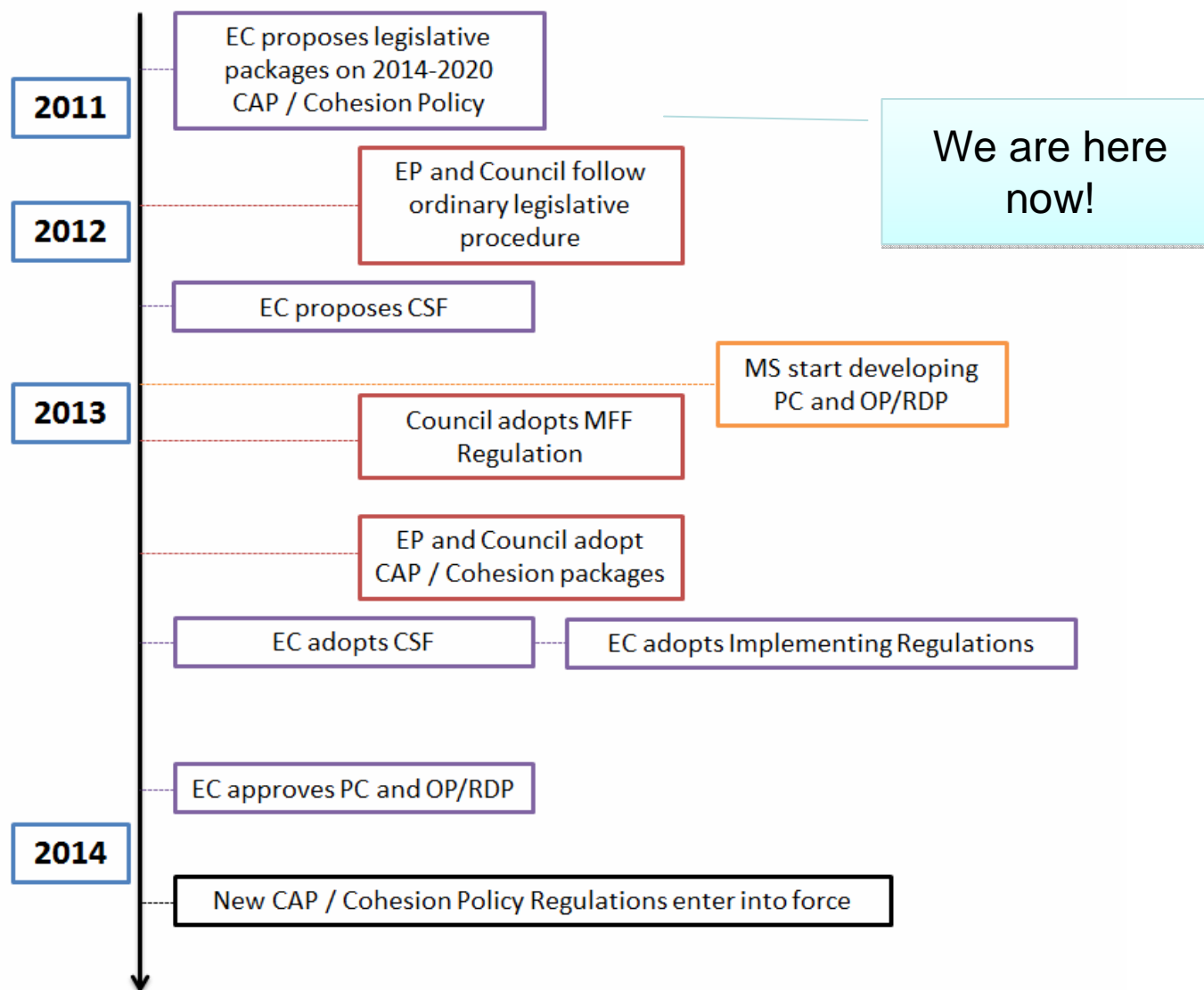
- Mainstreaming will deliver only if commitment and institutional capacity is ensured at national/regional levels
- Action beyond 2020
 - Earlier action, more cost-effective results
 - Avoid technological lock-in effect of carbon intensive infrastructures
- Absorption is key!
- Evaluation is important – risks, trade-offs, synergies – understanding these will help managing them
- Transparency of spending and achievement of results
- Working closely with all stakeholders, even the critical ones
- Public awareness gives political credibility

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Next steps



Concluding remarks



- Generally, difficult political context of austerity measures and debt crisis
- Member States need to be smart about their expenditure planning
- Turning 'costs' to 'investments' – tapping potential / exploiting win-wins
- Sometimes conflicting EU objectives (e.g. TEN-T and climate)
- Improve alignment and coordination with other national strategic frameworks and EU funding instruments (e.g. ESF, LIFE+, etc.)
- Building on existing knowledge (Rio Conventions project)
- Use EU funds to leverage additional private financing through innovative financial instruments – JESSICA + new opportunities post-2013
- Balance measures with the need for simplification

Workshop on climate proofing Cohesion & CAP



- IEEP leads a project for DG CLIMA 'Climate proofing Cohesion Policy and CAP'
 - Expert workshop, early spring 2012, Budapest
 - Final workshop, June 2012, Brussels



Thank you! Questions?

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For more information about IEEP's work on greening the post-2013 EU budget and Cohesion Policy, please visit: www.ieep.eu