Green Budgeting in the EU budget

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DG BUDG - Budget Performance and Policy Mainstreaming
The green architecture
Green budgeting in the EU budget

**EU budget 2021-2027**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Change from NGEU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Market, Innovation and Digital</td>
<td>149.5</td>
<td>+ 11.5</td>
</tr>
<tr>
<td>Cohesion, Resilience and Values</td>
<td>426.7</td>
<td>+ 776.5</td>
</tr>
<tr>
<td>Natural Resources and Environment</td>
<td>401</td>
<td>+ 18.9</td>
</tr>
<tr>
<td>Migration and Border Management</td>
<td>25.7</td>
<td></td>
</tr>
<tr>
<td>Security and Defence</td>
<td>14.9</td>
<td></td>
</tr>
<tr>
<td>Neighbourhood and the World</td>
<td>110.6</td>
<td></td>
</tr>
<tr>
<td>European Public Administration</td>
<td>82.5</td>
<td></td>
</tr>
</tbody>
</table>

**Total:** €2.018 trillion

**NextGenerationEU**

806.9

**Long-term budget**

1 210.9
The Budget is a mean to ensure the implementation of political priorities, not a “neutral” accounting exercise.

The Commission ensures that domestic and international commitments are actively pursued through the use of expenditures and policy coordination, to assess and promote the alignment that is essential to meet environmental goals.
Climate mainstreaming architecture

Green Budgeting

Environment  Clean Air  Biodiversity  Climate

RRF Green Bonds  Revenues  Mainstreaming

Green Own resources

Expenditures

Programming
- Overall 30% target and sectorial target
- Climate Adjustment Mechanism
- Mainstreaming in Work Programmes

Methodology
- EU climate coefficients
- Enhanced with Taxonomy

Tracking
- Integrated in the financial system

Reporting
- High Level Policy Indicators
- Enhanced Horizontal Reporting

Performance

Do No Harm principle

Do no harm guidances
- Exclusion list
- Climate proofing
- Environmental Impact Assessment
- Ex-ante screening
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Do No Harm operationalization (examples)

Sustainability Proofing
- Application for infrastructure projects, to ensure both their contribution to mitigation and future proofing

Ex-ante screening of projects
- e.g. in R&D, to ensure that projects financed respect the DN(S)H

Environmental Impact Assessment
- It assess the significant effects of a project to make sure that its effects on environment are taken into consideration in the design of the project
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Tagging

- Lowest level of granularity possible
  - Action/grant
  - Call in the Work Programme
  - Intervention fields in Shared Management
- Embedded in the Accounting System since 2020
- Information retrievable through an ad-hoc dashboard
Negotiations and results
Preparation
▪ Definition of overall green framework and expected budgetary contributions per policy area
▪ Policy definition of “do no significant harm”, investment guidelines, sustainability proofing, green methodology and performance framework, in line with “better regulation guidelines”

Annual Budget
▪ Work Programmes includes how the actions contribute to green mainstreaming and ensure do no significant harm
▪ Adjustment of allocations if targets are not achieved
▪ Reporting on input, output and results to the budgetary authority

Evaluation
▪ Each programme undertake midterm and final evaluation which follow “better regulation guidelines” to feed in the next cycle preparation

Negotiations
▪ Discussion on overall ambition (e.g. from 25% to 30% climate target and from 0 to 10% biodiversity target)
▪ Engaging with the co-legislator on sectorial legislation on: methodology, green architecture and contribution towards green priorities (e.g. green conditionality, specific objectives, guidelines, do no harm application)
European Green Deal “do no harm” oath

The Inter Institutional agreement between European Commission, the European Parliament and the Council commits to 30% climate mainstreaming target for the overall period, and 7.5% biodiversity mainstreaming expenditures in 2024 and 10% in 2026 and 2027; and the do no harm principle.

The “Better Regulation guidelines” establish that EU actions and policies should pull together to help the EU achieve a successful and just transition towards a sustainable future, in line with the objectives of the European Green Deal.

A systematic assessment is done on: impact assessments, evaluations, stakeholder consultations, explanatory memorandum.
All the major programmes are contributing to climate mainstreaming.

Compared to the past MFF we have a **significant** increase in both relative and absolute terms with almost no exception.
Biodiversity Mainstreaming

- All the major programmes are contributing to biodiversity mainstreaming
- Compared to the past MFF we have a **moderate** increase in both relative and absolute terms in many programmes
- More can be done in shared management to increase the biodiversity focus of the national programmes (i.e. CAP, Cohesion)
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High level priority indicators

EU Interventions
- Deployment of renewable energy
- Energy efficiency measures (buildings)
- New railroad

Available indicators
- Replacing fossil fuel energy production with solar, wind etc
- Reduction in energy used by buildings
- Shift towards clean transport (e.g. from cars to trains)
- Additional (clean) energy capacity (MHW)
- Avoided use of energy (MHW)
- Rails built (KM)

Measurement
- GHG emissions from energy production
- GHG emissions from heating and cooling
- GHG emission from personal and freight transport

High level priority indicator
- GHG Avoided
Thank you