



Committee of the Regions

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OUTLOOK OPINION of the Committee of the Regions on CLIMATE CHANGE MAINSTREAMING AND THE FUTURE EU BUDGET

THE COMMITTEE OF THE REGIONS

- reiterates that local and regional authorities have a key role to play in the implementation of the Europe 2020;
- stresses that energy efficiency of buildings is a key concern;
- believes that increased transparency is needed to guide investments. Statistics for energy use and production should be public along with statistics of emissions;
- proposes that at least one separate specific priority line of the 2014-2020 Structural Funds should be dedicated to sustainable use and production of energy, giving this objective all the visibility and importance it deserves;
- calls for a specific urban strand of the Cohesion Policy which should provide support for the development of Sustainable Energy Action Plans, improvement and expansion of district heating, CHP, energy production and use of RES, public lighting, public transport and soft modes, energy efficiency in buildings, etc.) and create supporting services for local authorities such as local and regional energy agencies;
- reiterates that the ESF should focus on building human capacities at local level that will be crucial for the development of low energy cities in the future and will boost the local economies;
- supports more efficient funding mechanisms which could foster public private partnerships. In this area it would be e.g. low/none interest loans, bank guarantees, local revolving funds and other innovative financial engineering tools, which in accordance with the principle of additionality should be used in combination with the funding provided at the local and regional level from the Structural Funds.

Rapporteur

Rapporteur-general: Ilmar Reepalu (SE/PES) Member of Malmö Municipal Council

Reference document

Letter from European Commission on 14 February 2011

THE COMMITTEE OF THE REGIONS

I. INTRODUCTION

EU policy priorities, local and regional possibilities and needs

1. is acutely aware of the fact that climate change is a huge global challenge with significant differences in regional and local impact. In solving the climate challenge there is a need to focus on both local and regional circumstances and opportunities with smart local and regional solutions. Climate change challenges are too large for any single member state to address on their own and this is where the European Union can add value;
2. stresses that within the context of the Europe 2020 Strategy, the objectives of employment, innovation, education, social inclusion and climate/energy are closely inter-linked and are all essential elements to achieve the overarching goal of social and territorial cohesion. Key measures in order to reach the EU 2020 targets are built on smart, sustainable and inclusive growth;
3. points out that the "EU biodiversity strategy to 2020 - Our life insurance, our natural capital" ties in with the fight against climate change in that it provides for essential sustainability and climate change adaptation measures;
4. reiterates that local and regional authorities have a key role to play in the implementation of the Europe 2020 Strategy and progress towards low carbon economy by reducing energy consumption, decentralising energy supply, increasing the use of renewable energy and ensuring ecosystem resilience to climate change, and maintaining and increasing CO₂ sinks;
5. considers that unpredictable climate threatens public health, infrastructure, agriculture, biodiversity, water security, food security and economic development and needs to be addressed through better design, practices and technologies in our cities and rural economies;

Climate action as an economic driver

6. is convinced that climate action can have positive impacts in terms of economic development, green jobs, resilience, social cohesion and quality of life, built on smart growth; it is therefore necessary to identify the sectors that might benefit and the advantages deriving from climate change that might lead to opportunities for economic development;
7. believes that local climate-related procurement and investment can stimulate fair, inclusive and sustainable growth. Integrating economic development, social cohesion and environmental financing can stimulate a transition to a low carbon economy;

8. believes that EU investment in smart local specialisation can support regions in innovative solutions to harness local conditions and opportunities to develop low carbon economies;
9. is convinced that investments in creating sustainable European cities and regions can strengthen the position of European businesses in a growing global market;
10. considers it necessary to involve the business sector in developing sustainable economies, with the help of policies and strategies that include social and environmental concerns in its commercial transactions, and make it accountable for the consequences and effects of its actions;

II. The need for further action and investment

11. stresses that climate friendly actions requires significant long-term financing. The transition to a low carbon and climate resilient economy will require a focus on investments in energy efficiency, buildings, renewables, clean transport and other smart systems' solutions for better use of resources; both urban and rural areas across the EU urgently need support to be stepped up for local and regional climate change mitigation and adaptation efforts; notes that the Commission has estimated that to make the transition to a low-carbon economy the EU would need to invest an additional EUR 270 billion or 1.5% of its GDP annually, on average, over the next four decades and that by stepping up climate action 1.5 million additional jobs could be created by 2020;
12. calls for a substantial strengthening of the Covenant of Mayors initiative which should be provided with the appropriate means to support cities and regions in the operational preparation of climate actions plans and to elaborate, in cooperation with international partners such as the US Conference of Mayors, joint standards for the carbon footprint;
13. reiterates in particular that support schemes should be made available to renewable energy producers at all scales, since the tapping of the potential of local and regional decentralised energy is indispensable for the achievement of the EU's 20-20-20 targets;
14. stresses that for climate change mitigation at the local and regional level, energy efficiency of buildings is a key concern, since the buildings sector – i.e. residential and commercial buildings - is the largest user of energy and CO₂ emitter in the EU and is responsible for about 40% of the EU's total final energy consumption;
15. stresses the need for intensified work for sustainable transport systems, changing people's transport habits and clean fuel vehicles are essential for increased efficiency, decreased emissions and improved air quality. The CoR emphasises the significance of environmentally focused public transport in metropolitan areas and calls for the Structural Funds investments in clean public transport and decarbonisation to be stepped up;

16. points out the importance of promoting development and enhancement of carbon sinks, which help reduce the carbon dioxide concentration in the atmosphere, particularly in regions with the most appropriate geological and/or natural resources;
17. stresses that the EU must live up to international climate finance commitments; shares the view that finance from the international carbon market should also be amongst the sources to support projects in developing countries;
18. believes that it is essential that the population be made more aware of the unsustainability of current patterns of resource use;
19. believes that the exchange of knowledge between the scientific community and the political community should be enhanced, with a view to improved decision-making based on scientific evidence;

III. Principles for climate action and financing

20. believes that the subsidiarity principle, the partnership principle, and multilevel governance are fundamental prerequisites for successful implementation of the Structural Funds and reiterates that local and regional authorities should in particular participate in the design, negotiation and implementation of the partnership contracts under the Common Strategic Framework of the EU funds. This should be seen as a substantial and unique opportunity for the EU to ensure greater coherence of its spending across policy areas and levels of governance;
21. reiterates its opposition to the establishment of a single monothematic climate change fund which, relying mainly on resources currently allocated under the structural funds, would group together all the EU financial instruments used to fund the fight against climate change. Not only could the "transfer" of funds result in a net loss of resources allocated to the fight against climate change, but it could also call into question the integration of climate-change related projects in regionalised development strategies;
22. proposes that local and regional responses to climate change should be seen as a complement to international, European and national policies, while building on exchange and cooperation between regions faced with similar threats and opportunities;
23. believes that a multi-level governance approach should be further developed, since climate change mitigation and adaptation can only be successful when all levels of government become involved. In this context, the CoR has called on the European Commission and the Member States to apply the subsidiarity principle;

24. stresses therefore the importance to avoid administrative obstacles at all levels in the EU. This calls for coordinated actions between local, regional, national authorities and the European Commission;
25. reiterates that sectoral or cross-sectoral energy and climate "alliances" between regions and companies should be encouraged to promote innovation and the rapid transition to the low carbon and climate resilient economy. Such public–private partnerships should be explicitly aimed at the development and application of low carbon technologies development and enhancement of carbon sinks and climate change adaptation measures, and should for this purpose receive specific support from the Structural Funds;
26. believes that increased transparency is needed to guide investments. Statistics for energy use and production should be public along with statistics of emissions and, in particular, statistics relating to changes in the physical parameters of the climate and tracking of climate-related EU budget expenditure should be put in place so that the EU is able to set out clearly how much of its spending relates to climate action;

IV. Priority and integration

27. considers that climate change adaptation and mitigation and energy policy should be included among the top priorities of the EU budget;
28. stresses that the EU budget should support the principles of multi level governance and all EU actions should be based on a horizontal approach, combining measures to combat and adapt to climate change, where the division of the political and financial roles and responsibilities between the local, national and EU levels of governance and also between different policies are clearly specified, in order to avoid gaps, inconsistency and duplication of policy responses;
29. considers that the EU legislation and conditionality of EU expenditure are the key elements in order to achieve EU 2020 targets, considering that climate actions should be mainstreamed in all relevant sections of expenditures including the structural funds , the funds for agriculture and rural development, research and innovation and external cooperation; "Mainstreaming" means reprioritising existing policies to promote sustainability, recognising that the same action can and should pursue different objectives at once;
30. considers that efficient allocation and effectiveness of limited budgetary resources can be best ensured if climate action and energy efficiency are included as a transversal priority within the Structural Funds, the CAP and the Framework Programmes for Research and Technological Development (the future FP 8). In addition, the future Life+ instrument for environment and climate action should complement the mainstreaming by making more funds available for climate action and test new approaches for climate adaptation and mitigation;

31. supports a ten year budget period that could provide a substantial stability and predictability for the funding programming and will lead to a more dedicated focus;
32. regrets the absence of additional specific commitments in the "Energy Strategy 2011-2020" concerning the financing and funding of local and regional sustainable energy investment, in spite of the fact that the Commission has stressed the role of local and regional authorities;

V. Proposals for financing from various sources

Cohesion Policies and Structural Fund

33. proposes that at least one separate specific priority line of the 2014-2020 Structural Funds should be dedicated to sustainable use and production of energy, giving this objective all the visibility and importance it deserves;
34. notes that the concept of a sustainable city is changing in the direction of local energy production installations, rise in electric mobility, use of smart grids and other systems' solutions for better use of resources, and calls for a specific urban strand of the Cohesion Policy which should provide support for the development of Sustainable Energy Action Plans, improvement and expansion of district heating, CHP, energy production and use of RES, public lighting, public transport and soft modes, energy efficiency in buildings, etc.) and create supporting services for local authorities such as local and regional energy agencies;
35. reiterates the European Commission's intention to promote local energy solutions and further develop the "smart cities" (i.e., smart metering and smart grids) initiative to promote clean and energy efficient investments and calls on the European Commission to reflect this good intention within the framework of the Structural Funds 2014-2020;
36. requires that regional development/cohesion policy funding spent on the improvement of domestic homes energy efficiency should be increased to at least 5% corresponding to at least 15% within the ERDF on average across the EU;
37. stresses the key role of the structural funds in supporting the development of knowledge, innovative solutions and public awareness about the challenges and opportunities presented by the need to combat, mitigate and adapt to climate change;
38. believes it is important to promote participatory approaches and knowledge platforms that include all the sectors concerned by climate change, to determine research needs on the basis of policy;

Research and Development

39. calls on the budgetary authority for adequate funding to be ensured and spending increased for research and innovation in the area of the effects of climate change, carbon dioxide emissions mitigation and climate change adaptation, particularly with regard to energy and implementation of the Strategic Energy Technology Plan not only at the EU and national level, but also at the local and regional level, including the promotion of clusters and innovative SMEs;
40. stresses the importance of mainstreaming sustainable technologies and innovation funding needed for new smart technologies, by fully integrating climate change issues and actions in all EU programmes and strategies;
41. stresses the importance of disseminating smart solutions, top innovations as demonstration projects in order to change attitudes, strengthen green growth and support the Europe 2020 strategy;

European Social Fund

42. stresses that the European Social Fund can be used to promote sustainable practice in existing professions and to develop new skills in greener technologies and greener services as the ESF is a tool for helping workers and businesses to adjust to new economic realities;
43. reiterates therefore that the ESF should focus on building human capacities at local level that will be crucial for the development of low energy cities and regions in the future where effective climate change adaptation and/or mitigation measures can be put into practice, and that will boost the local economies;

Common Agricultural Policy

44. stresses the importance of supporting urban rural interaction and development e.g. in energy efficiency, environmentally friendly public transport, safeguarding environmental services, water management, attractiveness through an integrated approach;
45. believes that the Common Agricultural Policy should reward farmers and land managers for the delivery of public goods such as production of renewable energy, preservation of areas which are important because of their role as carbon sinks, reduction of greenhouse gas emissions and climate adaptation;
46. believes there could be more room for increased conditionality or greening of the CAP (Pillar I and Pillar II of the CAP);

47. stresses that the Rural Development Fund (Pillar II of the CAP) continues to be a vital method of helping farmers to innovate and supporting the diversification of rural economies, and that it should therefore expand its current role in relation to mitigating climate change, adapting to it, and tackling other key resource challenges such as water, biodiversity and soil management;

New investment mechanisms

48. reiterates that it has welcomed "the reallocation of unused appropriations under Chapter II of Regulation (EC) 663/2009 which have been made available for the local and regional authorities for sustainable energy projects" and stresses that this new [European Energy Efficiency Facility](#) should be considered an important precedent to be followed in the future;
49. reiterates that "a close relationship exists between recovery plans and investment in energy efficiency and renewable energy in the context of the current crisis";
50. stresses that since the development of low carbon and climate resilient economy at the local and regional level will improve Europe's overall competitiveness in the area of green economy, it should be possible to co-finance it by project bonds to be issued by the EIB;
51. supports more efficient funding mechanisms which could foster public private partnerships. In this area it would be e.g. low/none interest loans, bank guarantees, local revolving funds and other innovative financial engineering tools, which in accordance with the principle of additionality should be used in combination with the funding provided at the local and regional level from the Structural Funds;

52. supports the idea that new financing should be made available by allocating at least one third of the incomes of the emissions trading system to local and regional level. The precise allocation key for the revenue should be set in each Member State within the context of the national climate strategy, so that proper account is taken of the very different division of responsibilities for climate protection in the Member States. The Committee calls for an increased use of carbon tax throughout Europe and for the local and regional level to receive new financing from this, too, in accordance with the above-mentioned framework; considering that cities and regions are for the time being under-served by the current carbon markets, strongly encourages the OECD's call for local and regional authorities to set up their own GHG-reduction projects financed via the emissions trading system.

Brussels, 30 June 2011

The President
of the Committee of the Regions

Mercedes Bresso

The Secretary-General
of the Committee of the Regions

Gerhard Stahl

VI. PROCEDURE

Title	Outlook opinion on Climate Change Mainstreaming and the Future EU Budget
Reference(s)	Consultation letter by the Commissioner Šefčovič of 14 February 2011
Legal basis	Article 307 TFEU
Procedural basis	Rapporteur-General appointed during the Plenary Session of 31 March – 1 April 2011 in accordance with Rule 41 of the CoR's Rules of Procedure
Date of Commission letter	14 February 2011
Plenary Assembly decision	31 March 2011
Commission responsible	Commission for the Environment, Climate Change and Energy (ENVE)
Rapporteur	Rapporteur-general: Ilmar Reepalu (SV/PES) Member of Malmö Municipal Council
Discussed in commission	Explanatory debate on 5 May 2011
Date adopted by commission	(not applicable)
Result of the vote in commission	(not applicable)
Date adopted in plenary	30 June 2011
Previous Committee opinions	