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From: Budget Committee

To: Permanent Representatives Committee/Council

Subject: Council conclusions on the European Court of Auditors' special report No 9/2022: Climate spending in the 2014-2020 EU budget - Not as high as reported
- *Approval*

1. On 15 June 2022, the Permanent Representatives Committee instructed the Budget Committee to examine the European Court of Auditors' special report No 9/2022 entitled "Climate spending in the 2014-2020 EU budget – Not as high as reported"¹ and to draw the relevant conclusions².
2. On 20 September 2022, the Budget Committee reached an agreement on the draft Council conclusions annexed hereto, on the basis of a proposal presented by the Presidency.
3. It is suggested that the Permanent Representatives Committee advise the Council to approve the draft Council conclusions in the Annex as an "A" item on the agenda of a forthcoming meeting.

¹ OJ C 214, 31.05.2022, p. 42.

² Doc. 9965/22.

DRAFT COUNCIL CONCLUSIONS

on the European Court of Auditors' special report No 09/2022: Climate spending in the 2014-2020 EU budget – Not as high as reported

THE COUNCIL OF THE EUROPEAN UNION:

1. WELCOMES the Special Report No 09/2022 by the European Court of Auditors (hereafter referred to as "the Court") and the replies of the Commission to the Report;
2. TAKES NOTE of the findings of the Report, in particular that:
 - the reported spending for the 2014-2020 period was not always relevant to climate action and the Commission overestimated the climate contribution of key components of the EU budget by at least EUR 72 billion, over 80 % of which was from agricultural funding; this means that only around 13 % of the 2014-2020 EU budget was spent on climate action instead of the 20.1 % initially reported by the Commission;
 - the overall reporting on climate spending was unreliable, mainly due to limitations and inconsistent application of the methodology, or by reporting expenditure based only on planned or committed amounts;
 - limited improvements are expected in the 2021-2027 climate reporting, for programmes under both the EU budget and NextGenerationEU (NGEU);
3. WELCOMES the fact that the Commission has accepted most of the Court's recommendations and is already taking measures to streamline different monitoring approaches, to ensure consistent tracking, and to address a number of identified shortcomings, notably in terms of climate coefficients;

4. BROADLY SHARES the replies of the Commission to the findings and recommendations included in the Court's Report, in particular that the climate mainstreaming methodology and reporting for the 2014-2020 programming period remains an approximation; however, STRESSES the importance of an EU methodology for climate tracking that is solid, reliable, clearly communicated and based on scientific evidence, taking stock of best practices at national and local levels;
5. RECALLS in this regard the European Council conclusions of 17-21 July 2020, stating that programs and instruments should contribute to mainstream climate actions and to the achievement of an overall target of at least 30 % of the total amount of Union budget and NGEU expenditures supporting climate objectives on the basis of an effective methodology for monitoring climate spending and its performance, and REITERATES that EU expenditure should be consistent with Paris Agreement objectives in line with paragraphs A21 and 18 of the above-mentioned conclusions.
6. In line with the Interinstitutional Agreement of 16 December 2020, CALLS on the Commission to set out an effective methodology for climate tracking that includes an annual consultation by the Commission of the European Parliament and of the Council, and that will identify relevant measures to be taken in case of insufficient progress towards achieving applicable targets.
7. BELIEVES that the methodology for the 2021-2027 period represents an improvement compared to the methodology used for the 2014-2020 period, in particular the focus on an effect-based approach;
8. CONSIDERS the Court's recommendations and INVITES the Commission to:
 - further develop the methodology for monitoring climate spending that is simple, effect-based, able to measure impact, founded on scientific evidence, and guarantees consistency for climate reporting across programmes, without creating undue administrative burden;

- continue enhancing climate reporting efficiency across the EU budget and provide appropriate guidance if deemed necessary;
 - enhance its annual climate reporting to also take account of both commitment and payment appropriations, as well as of unused (unspent and de-committed) amounts;
 - continue the discussions and coordination, while reinforcing cooperation with the relevant national authorities to fine-tune the methodology for monitoring climate spending, taking stock of lessons learned from the 2014-2020 programming period, and encouraging the exchange of best practices at European level.
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