The European Multiannual Financial Framework 2014-2020 will set the course during the next years for the available funds. The new budget already has a strong focus on energy and climate related funding. The following new principles and funding instruments are currently under discussion.

A. Climate mainstreaming

Mainstreaming climate into the new budget is one of the new principles introduced in the budget. The objective is to increase the proportion of climate related expenditure to at least 20 %, with contributions from different policy fields subject to impact assessment evidence. DG CLIM is currently developing a system to follow up and ensure that 20% of the project expenditure support climate objectives.

The total environmental and climate change costs in the EU, based on an assessment of 'non action', would be in the order of €650 billion per year – about 5-6% of the EU's GDP. The expenditures on climate-related actions within the current Multiannual Financial Framework have been approximated to amount annually to around 5% of the EU budget. The cost of mitigation investments, are estimated to be around €125 billion per year, during the period 2014-2020.

B. Horizon 2020 (and the future of the Intelligent Energy Europe programme)

The Commission’s proposal for Horizon 2020, the new funding instrument to ensure smart, sustainable and inclusive growth, brings together under a single Common Strategic Framework for Research and Innovation the activities currently funded under the 7th Framework Programme for research, the innovation parts of the current Competitiveness and Innovation programme and the European Institute of Innovation and Technology.

With a budget of €80 billion, the structure of Horizon 2020 is built around three priorities: excellence science, industrial leadership and societal changes and reflects the ambition to deliver ideas, growth and jobs for the future. It will address issues such as climate change, developing sustainable transport and mobility, making renewable energy more affordable, ensuring food safety and security, or coping with the challenge of an ageing population.

Under the Horizon 2020 programme, 6,5 billion euros is to be allocated to research and innovation in ‘secure, clean and efficient energy’ in 2014-2020. A relevant share of this budget should go to the “Market uptake of energy innovation” for projects facilitating the energy policy implementation, preparing the ground for roll-out for investments, supporting capacity building and acting on public acceptance (in the spirit of Intelligent Energy Europe programme).

However, the Horizon 2020 has a very technical focus and the ‘non-technological’ parts of the Intelligent Energy Europe programme are not explicitly included in the programme. Therefore Climate Alliance has sent amendment proposals to the rapporteurs of the European Parliament related to the Horizon 2020 programme.
C. Cohesion policy and regional funds: 20% for energy and climate related projects

The legislative package which will frame cohesion policy for 2014-2020, tries to harmonize the rules related to different funds. The next EU budget for 2014-2020, which will contain the so-called Common Strategic Framework (CSF) would set a system between EU, national, regional, and local authorities in order to coordinate these funds earmarked for the same type of projects. Among the CSF funds, the ERDF fund, Cohesion Fund, EAFRD, can contribute to key actions in supporting the shift towards a low-carbon economy in all sectors (accelerating the implementation of EU legislation on renewable energy and energy efficiency) and also in promoting climate change adaptation and risk prevention and management.

The Commission has proposed that 20% of the European Regional Development Fund (ERDF) should be spent on energy efficiency and renewable energy in more developed and transition regions, and 6% in less developed regions. Based on amounts proposed, this would result in a minimum of allocation of some 17 billion euros (almost doubling current allocations).

D. LIFE: new climate sub-programme

The Commission has already launched a new LIFE programme, which boosts significantly the EU support for the environment and climate with a budget of 3.2 billion euros (2014-2020). The new LIFE Programme will have two sub-programmes: one for Environment and one for Climate Action. The creation of a sub-programme for Climate Action upgrades the former thematic strand "climate change" under the LIFE+ Environment Policy and Governance component. It will cover the areas of: climate change mitigation, adaptation and governance and information.

The programme will promote new type of projects with a focus on "integrated" approaches aiming at implementing large territorial scale environmental or climate strategies or action plans, and mobilising other EU, national and private funds. Grants to finance projects will remain as the main instrument of the programme. However, there will also be scope for contributions to innovative financial instruments.

Further information:

Current European funding schemes targeting local authorities:
http://www.climatealliance.org/european-funds.html?&L=0