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# Making EU climate governance fit for net zero

An analysis of the current landscape of relevant EU climate policy processes and recommendations for alignment with the climate neutrality objective

## Imprint

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# **Making EU climate governance fit for net zero**

An analysis of the current landscape of relevant EU climate policy processes and recommendations for alignment with the climate neutrality objective

by

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Responsibility for the content and any errors lies with the author.

The author is grateful for inputs by Deyana Spasova, Nick Evans and Leon Martini (Ecologic Institute) and helpful comments from Quentin Genard (ECF), Romain Laugier (WWF), Nils Meyer-Ohlendorf (Ecologic Institute), Jakob Wachsmuth (Fraunhofer ISI) and Judith Voß-Stemping, Kai Wehnmann, Sebastian Wunderlich (UBA) and Sharon Turner.

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On behalf of the German Environment Agency

## Summary of key messages

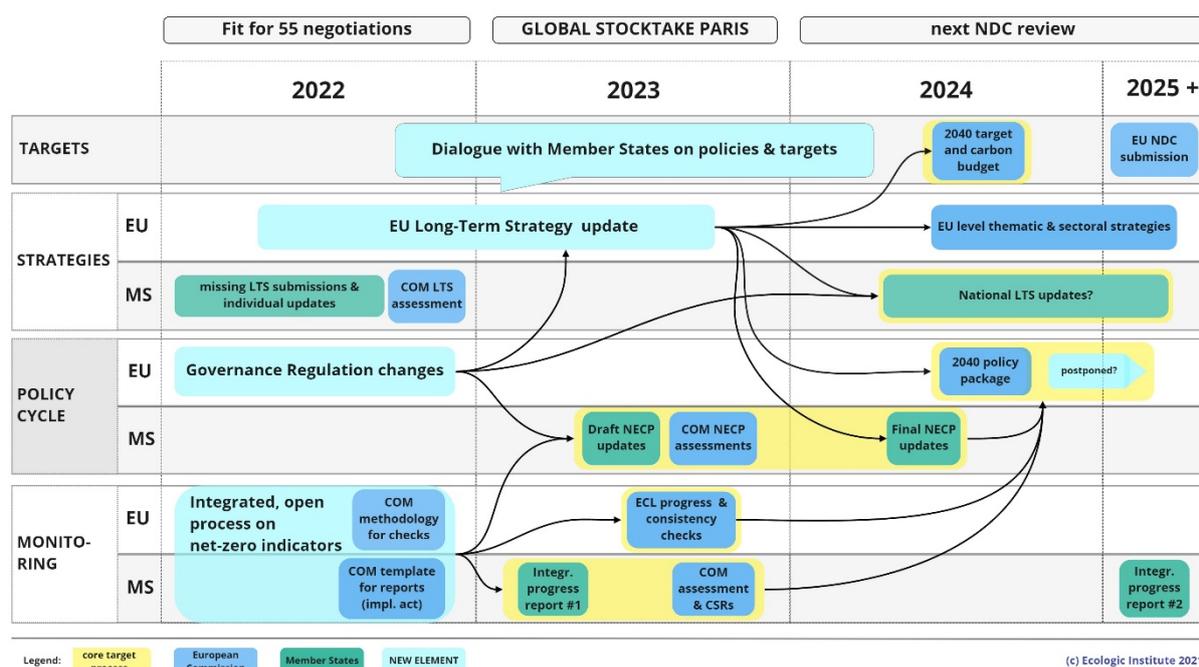
- ▶ **Positive change in the legal framework** for EU climate policy since Paris: with the EU Climate Law (ECL) of 2021 and the Governance Regulation (GovReg) of 2019, targets have increased and new planning instruments have been introduced. This has also raised minimum governance standards at the national level. Many Member States have adopted national framework laws. Overall, public and political support are strong. And the dynamic of the European Green Deal was not stopped by the pandemic.
- ▶ **Significant uncertainties remain about the quality of the implementation** of the new processes (national energy and climate plans (NECPs), long-term strategies (LTSs), progress monitoring, consistency checks) and the new institutions (such as the European Scientific Advisory Board on Climate Change, multi-level climate and energy dialogues). The alignment of long-term considerations with short-term policy-making still needs to be enhanced.
- ▶ **Improvements should address five key processes** (in chronological order): I) the first integrated progress reports on NECPs in early 2023, II) the first EU progress monitoring and consistency checks in 2023, III) updating of the NECPs in 2023-2024, IV) updates to national LTSs in 2023-2025 and V) the EU 2040 target proposal and associated policy package, both in mid-2024 (see also Figure 1 below). Synergies between these strands need to be realised as a priority considering the tight timing of these important processes.
- ▶ **What needs to happen in 2022 and 2023** to improve these target processes:
  - **revise the Governance Regulation**, i.e., to improve standards for NECPs and LTSs and improve the overall alignment towards the climate neutrality goal (e.g., via the ESR);
  - the Commission should start a **transparent process to develop progress monitoring** based on net zero indicators to inform several processes (NECPs, LTSs, progress checks);
  - **update the EU LTS** and use it as a coordinating hub for sectoral strategies;
  - use EU LTS update **to inform the 2040 target proposal and the next policy package**
  - in this context **conduct a dialogue with Member States** about where coordinated EU policy is needed most – and support their efforts to improve governance (incl. LTSs).
- ▶ Relevance for Fit For 55: as the Commission may not revise the GovReg as a whole, specific smaller **amendments could be made via laws included in the FitFor55 package** directly. Furthermore, enhancements to address weaknesses in national climate governance systems could be introduced in the same way, e.g., via the Effort Sharing Regulation.

*SUMMARY continued:*

These recommendations are based on an analysis of eight parameters that influence the quality of climate governance systems. A summary for each is provided in Table 1 below, covering the EU level. The paper itself also includes a scan of the same parameters at the national level.

The timing of key processes and respective actions needed are visualized in the Figure 1 below.

Figure 1: Timeline of key EU climate governance processes 2022-2025



Source: visualization by the author

Table 1: Status quo climate governance for eight main elements and their weaknesses

Governance element	Status quo assessment	Main weaknesses and recommendations
1) Context, legal framework, political support	<b>POSITIVE:</b> Significant improvement since 2015 through GovReg and ECL. European Green Deal as the new guiding strategy with climate neutrality at its heart. Political and public support is visible and the pandemic could not stop the dynamic.	<ul style="list-style-type: none"> <li>Effectiveness of the overall framework will still need to prove itself.</li> <li>Framework needs to be backed up by follow-up processes to monitor implementation.</li> </ul>
2) Targets: long and short term	<b>POSITIVE:</b> 2030 and 2050 targets increased and legally enshrined. 2030 energy targets to follow accordingly. Binding national GHG targets remain. Adaptation goal in the ECL. Binding targets for natural sinks added at EU and national level. Process for interim targets and carbon budget established.	<ul style="list-style-type: none"> <li>Overall target in line with 1.5°C?</li> <li>Next step: proposal for 2040 target (2024)</li> <li>Use carbon budget analysis for broader debate on EU fair share (2023-2024)</li> <li>Net negative emissions beyond 2050 may require further CDR discussion and quantificatio</li> </ul>
3) Strategic planning	<b>MIXED:</b> EU LTS was influential in establishing climate neutrality goal – but is now outdated, with no update in sight. Adaptation strategies mandatory. A host of sectoral and horizontal strategies published, ECL mentions roadmaps. Individual Member States go further on CDR strategies.	<ul style="list-style-type: none"> <li>EU LTS needs regular updating, could act as hub and coordinate thematic strategies</li> <li>Comprehensive CDR approach required</li> <li>Several national LTSs not yet submitted, sidelined as instruments?</li> <li>LTSs and NECPs need alignment.</li> </ul>

Governance element	Status quo assessment	Main weaknesses and recommendations
4) Policy cycle	<b>MIXED:</b> Review cycles for EU climate policy in place, “Fit For 55” package is an extraordinary one. Next revision: mid-2024. NECPs have forced integrated planning and established policy cycle in each Member State. ECL includes consistency checks	<ul style="list-style-type: none"> <li>• No NECP equivalent at EU level, no process to identify need for EU policies – could be done via LTS update.</li> <li>• Revive the ECCP as a policy identification vehicle?</li> <li>• Second round of NECPs must be better – prepare now for mid-2023 draft updates.</li> <li>• Methodology for policy consistency needed.</li> </ul>
5) Progress monitoring	<b>MIXED:</b> Established system, expanded. New climate neutrality progress assessment added by ECL, but without details on process or content. NECP progress gaps trigger Commission recommendations – but will they be adhered to?	<ul style="list-style-type: none"> <li>• Commission should launch transparent process to develop net zero indicators. Member States also need them. To be used also in NECP updates and for assessments of NECPs and LTSs</li> <li>• Updates needed more frequently than every five years, could be included in annual State of the Energy Union.</li> <li>• Ensure follow-up of recommendations – stronger system possible?</li> </ul>
6) Internal coordination	<b>MIXED:</b> All EU institutions have well-established mechanisms for climate policy, but few dedicated ones to provide ongoing coordination at a meta level. Commission and Member States exchange on specific topics, have permanent committees.	<ul style="list-style-type: none"> <li>• No inter-institutional coordination – create an annual forum for common status update and discussion on priorities.</li> <li>• All institutions need internal coordination. For the EP a dedicated climate committee? And a European Green Deal Supervisory Working Group in the Commission?</li> </ul>
7) Scientific advice	<b>POSITIVE:</b> Many existing information providers among EU institutions. ECL established a new independent European Scientific Advisory Board on Climate Change, modelled on national councils. Mandate is independent but unspecific.	<ul style="list-style-type: none"> <li>• Advisory Board needs specific tasks to be effective in steering policy. Depends on individuals chosen for the Board.</li> <li>• Priority processes: climate neutrality progress monitoring, EU LTS update, 2040 target and carbon budget</li> </ul>
8) Public participation	<b>MIXED:</b> Many formal options for input and good practice with consultations. EU Climate Pact launched. Additional language in ECL for national dialogues – but no checks on their implementation? Many Member States have stakeholder bodies. Climate assemblies being tried in several countries.	<ul style="list-style-type: none"> <li>• Few interactive consultations, dialogue missing. Structured permanent forum warranted?</li> <li>• Climate assembly via EU Climate Pact?</li> <li>• National practices need improvement, NECP experience shows.</li> <li>• Add provision in revised GovReg for access to justice in national courts for NECP and LTS processes.</li> </ul>

## 1 The need for transformative climate governance

In November 2018, the European Commission first proposed climate neutrality by 2050 as a new guiding objective for the European Union (EU).<sup>1</sup> In the two and a half years that followed, the 2050 net zero goal was accepted at the highest political level,<sup>2</sup> included as a central pillar of the European Green Deal and enshrined as legally binding in the European Climate Law (ECL)<sup>3</sup>. The scope was even extended in the ECL to net “negative emissions thereafter” (Article 2.1 ECL). Adoption of the climate neutrality objective has been hailed as a step towards more progressive climate action and recognition that effective climate policy requires transformation.<sup>4</sup>

Now the EU needs the means to deliver on this new objective. The review and subsequent increase of the interim target for 2030 from at least 40% to at least net 55% reductions from 1990 levels is one important development. Following the publication of the implementation package for the revised 2030 target—known as the “Fit For 55” package—it can be safely assumed that political and public attention by officials and observers alike will revolve around the negotiations on this package that could last into late 2022. This carries the risk of focusing solely on the technical details of the legislative proposals and missing other elements that still may need to be put in place to make the overall framework work effectively.

The purpose of this paper is to take stock of EU climate governance (i.e., the status quo after adoption of the EU Climate Law) and provide a bird’s eye perspective to help identify potential gaps and derive recommendations for how to address them.<sup>5</sup>

The analysis builds on a growing literature on climate governance and analyses of relevant regulatory frameworks and on that basis defines key parameters for the assessment—e.g., governance elements that have been used in climate laws across Europe.<sup>6</sup> Specifically, this assessment of the climate governance landscape looks at the following eight elements:

1. Overall context, legal framework, support
2. Targets for both long- & short term
3. Strategic planning
4. Policy cycle
5. Progress monitoring
6. Internal coordination
7. Scientific advice
8. Public participation

Section 2.1 analyses each element in turn for the EU level, providing a summary assessment and recommendations for improvements. Section 2.2 provides a brief overview of each governance element for EU Member States to complement the EU-wide perspective. Section 3 presents a summary and identifies key policy recommendations with a look at the timeline of key policy processes in 2022-2024.

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<sup>1</sup> European Commission (2018): A Clean Planet for all. COM(2018)773 final

<sup>2</sup> Conclusions by the European Council, 12 December 2019

<sup>3</sup> EU Climate Law was proposed in March 2020, a compromise agreed in April 2021, entry into force occurred in July 2021. Final text at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R1119>

<sup>4</sup> See for example BusinessEurope (2019) “European business views on a competitive energy & climate strategy” at <https://www.businesseurope.eu/publications/european-business-views-competitive-energy-climate-strategy> or WWF EPO Annual Review 2019 [https://wwfeu.awsassets.panda.org/downloads/wwf\\_epo\\_annual\\_review\\_2019.pdf](https://wwfeu.awsassets.panda.org/downloads/wwf_epo_annual_review_2019.pdf) - last accessed 20 September 2021

<sup>5</sup> Another paper providing a brief stocktake of EU climate governance was published in April 2021 by Sebastian Oberthür under the GOVTRAN project, with a different perspective, looking at a set of key challenges. Oberthür, Sebastian (2021) Taking stock of EU climate governance: key challenges.

<sup>6</sup> The eight elements are taken from Duwe, M. & Evans, N. (2020): *Climate Laws in Europe: Good Practices in Net-Zero Management*. Berlin, Den Haag; Additional literature: Averchenkova, Fankhauser, and Finnegan (2020): *The Impact of Strategic Climate Legislation: Evidence from Expert Interviews on the UK Climate Change Act*. Climate Policy, p. 251 – 263; World Bank (2020) *World Bank Reference Guide to Climate Change Framework Legislation*. Equitable Growth, Finance & Institutions Insight. Washington, DC.

## 2 State of EU climate governance in 2021: what we have

### 2.1 EU level: significant post-Paris dynamics

#### 2.1.1 Overall context, legal framework, and political support

**EU climate governance has changed significantly since the adoption of the Paris Agreement.** First, it has shifted focus towards 2030 and 2050 as time horizons for targets and measures. Even so, the basic set of measures in place to achieve EU greenhouse gas (GHG) emissions targets remains essentially unchanged compared to the system in place for the period 2013 to 2020. The EU emissions trading system (ETS) covers around half of the emissions, and the remaining emissions are divided among Member States. As in the previous period, the GHG target is complemented by targets for energy efficiency and renewable energy. However, the “Fit For 55” package proposes new elements in the form of additional **instruments** (e.g., carbon pricing for buildings and transport, carbon border adjustment mechanism), supplementary **funding mechanisms** (i.e., the Social Climate Fund) and new **components** in existing instruments (such as specific national targets in the LULUCF Regulation and the inclusion of the maritime sector in the EU ETS). The policy toolbox is thus expanding at the EU level.

Moreover, there have been a number of innovations on the side of governance processes and institutions. The adoption of the **Governance Regulation (GovReg)**<sup>7</sup> (proposed in late 2016 and adopted in 2018) already included new planning and reporting processes—e.g., the national energy and climate plans (NECPs)—and new gap filling mechanisms. While the new procedures are still in their initial implementation and may need refinement, the **European Climate Law (ECL)** has created additional mechanisms for future EU level target setting and progress monitoring for climate neutrality, as well as policy mainstreaming checks. The ECL also integrates mitigation and adaptation into one common legal framework and applies similar assessments to them.<sup>8</sup> Furthermore, upon an initiative by the European Parliament, it requires the establishment of a new European Scientific Advisory Board on Climate Change, as an independent and science-based observer institution.

As a central political framework, the **European Green Deal (EGD)**, proposed in December 2019) serves as the follow-up to the Lisbon strategy and the Europe 2020 strategy. It seeks and serves to mainstream the climate neutrality objective into all EU policy and has been explicitly touted as the new growth strategy for the EU.<sup>9</sup> Since the beginning of 2020, the response to the expected and actual economic impacts of the COVID-19 pandemic has dominated the political agenda and also affected the operation of existing processes, such as the European Semester.<sup>10</sup> Still, climate action and the net zero goal have also played a central role in the **recovery efforts**. These now come with their own governance system, including several layers of reporting and progress measurement (based on national recovery plans). Despite all the focus on the recovery, several additional initiatives and sectoral strategies have been launched, that are directly connected to climate neutrality and the European Green Deal. These further populate the

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<sup>7</sup> Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action.

<sup>8</sup> The expansion of the legal framework for climate policy at EU level, which mirrors the development in several Member States (see section 2.2 below), may invite further legal cases. In March 2021, the European Court of Justice confirmed a decision by the European General Court and rejected an appeal under the so-called “People’s Climate Case” initiated by 10 families from several countries and a youth association. See campaign website <https://peoplesclimatecase.caneurope.org/2021/03/eu-court-turn-a-deaf-ear-to-citizens-hit-by-the-climate-crisis/> - last accessed on 20 September 2021

<sup>9</sup> European Commission (2019): The European Green Deal. COM/2019/640 final.

<sup>10</sup> Duwe and Spasova (2021): Measuring progress towards climate neutrality. Part II: Integrating net zero indicators in EU governance processes. Ecologic Institute, Berlin / IDDRI, Paris.

governance landscape. Thus, despite the many ways in which it has impacted public life, **the pandemic has not prevented the dynamic created by the European Green Deal and the climate neutrality objective** to advance EU climate policy.

EU heads of state and government agreed on the new 2050 goal in December 2019, after a year of consideration. They also endorsed the higher 2030 targets in December 2020—only six years after they had decided a different set of figures. Both have now been enshrined in EU law. Clearly, this is **proof of an increase in political support** for more climate action.

## THE PANDEMIC HAS NOT PREVENTED THE DYNAMIC CREATED BY THE EUROPEAN GREEN DEAL AND THE CLIMATE NEUTRALITY OBJECTIVE.

These political decisions are backed by increased public concern for climate protection. This is indicated most prominently by the rise of the youth climate movement, Fridays for Future<sup>11</sup>, and the success of Green party candidates in the 2019 European Parliament election<sup>12</sup>, for example. Indeed, a 2021 Eurobarometer survey suggests broad support for strengthened climate regulation among EU citizens—90% of those surveyed agreed with the EU’s long-term goal of climate neutrality.<sup>13</sup> Perhaps more tellingly, 75% of participants thought that their national government was not doing enough to tackle the climate crisis. **With such broad public support, politicians should feel empowered to take bolder climate action.**

### *Status quo assessment and recommendation:*

The EGD has been prominently established as the new strategic narrative for EU policy development overall—and climate neutrality is arguably its central guiding objective. With the adoption of the EU Climate Law, there is now also an overarching legal framework to back the political framing of the EGD’s strategic vision at least on climate neutrality. Even the pandemic has not visibly halted the political support for it, as evidenced by the decision to increase the targets. At this overarching level, there are **no obvious gaps at this point**—whether the framework will work in implementation remains to be seen.

### **2.1.2 Targets for both the long- and the short term**

With the final adoption of the European Climate Law in June 2021, the long-term target of climate neutrality by 2050 is now legally binding for the Union. The law further enshrined the increased target for 2030 (net emission reductions of -55% compared to 1990 levels) and called on the Commission to propose implementing legislation. In response, in July 2021, the Commission unveiled the “Fit for 55” package of revised and new policies and measures, further proposing increased targets for energy efficiency and renewable energy, accordingly.

Although the package now must make its way through the legislative process, it nonetheless provides an early indication of how the framework for climate targets will develop. First, the package **upholds the current system of binding national targets** (i.e., the Climate Action Regulation (Effort Sharing)), at least until 2030. Furthermore, the headline 2030 target is now officially a net target. While this is in line with the long-term approach that is also used in the concept of climate neutrality, it blurs the line between emissions reductions and carbon sinks in the short term. Two elements clarify the role of removals somewhat. To start, Article 4 of the EU

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<sup>11</sup> J Marquardt (2020) Fridays for Future's Disruptive Potential: An Inconvenient Youth Between Moderate and Radical Ideas. *Frontiers in Communication*. <https://www.frontiersin.org/articles/10.3389/fcomm.2020.00048/full> - last accessed on 20 September 2021

<sup>12</sup> Deutsche Welle (2019): EU election: Surge for Greens and euroskeptics. <https://www.dw.com/en/eu-election-surge-for-greens-and-euroskeptics-losses-for-centrist-blocs/a-48883806> - last accessed 7 September 2021

<sup>13</sup> European Commission (2021): Special Eurobarometer 513 - Climate Change.

Climate Law limits the use of net removals overall in the 2030 target to 225 million tonnes of CO<sub>2</sub>e. Second, the Commission's proposed revision of the LULUCF Directive not only further increases ambition of the **EU-wide target for natural sinks** to 310 million tonnes by 2030 but also **introduces country-specific binding national targets for removals** – an upgrade from the simpler “no debit” targets currently in place. These would initially be set for the period 2026-2030 (based on a breakdown of the EU level target) and be subject to a compliance system built on the national GHG targets.<sup>14</sup>

As mentioned, the “Fit For 55” package also includes **increased targets for the share of renewable energy** economy-wide (40% of final energy consumption by 2030, up from 32%) **and energy consumption** (-9% compared to an updated baseline) to align with the revised 2030 emissions target.<sup>15</sup> The proposed changes to the Renewable Energy Directive also include sector-specific targets for renewable energy share for Member States for buildings and industry. These adjustments intend to establish a new balance in the system of mutually supportive climate and energy goals that have formed the main pillars of EU climate policy since its inception.<sup>16</sup>

Looking beyond 2030, Article 4 of the EU Climate Law outlines a **mechanism for setting future interim targets** (i.e., for 2040) and includes provisions for the Commission to calculate an **indicative carbon budget for the EU**. However, specifics remain to be decided and should receive input from the newly established European Scientific Advisory Board on Climate Change.

The ECL also formulates a **qualitative target for adaptation** (“continuous progress in enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change”) (Article 5.1 ECL), and refers to the global adaptation goal in the Paris Agreement. Having a specific adaptation objective enshrined in law is a step forward. The integration of adaptation with the mitigation targets in a single framework puts the two elements, largely disconnected thus far, on similar footing, and could facilitate integrated policy-making going forward.

#### **Status quo assessment and recommendation:**

EU climate targets have been revised upwards significantly since the adoption of the Paris Agreement, and mechanisms are in place for future updates. However, the overall level of the targets has been criticized by observers as not in line with the EU's fair share for the 1.5° objective of the Paris Agreement.<sup>17</sup> The focus going forward will have to be on the implementation of the **mechanism for setting future targets and the introduction of the carbon budget approach**—due in mid-2024. This could spark a broader debate about the adequacy of the EU's efforts as part of an effective and fair global climate crisis response.

In addition, the conversation needs to **start moving beyond climate neutrality** towards net negative emissions—which will place a stronger emphasis on carbon dioxide removal (CDR), but also means there is even less room for residual emissions. A discussion of the respective

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<sup>14</sup> European Commission (2021): Proposal for a regulation of the European Parliament and of the Council mending Regulations (EU) 2018/841 as regards the scope, simplifying the compliance rules, setting out the targets of the Member States for 2030 and committing to the collective achievement of climate neutrality by 2035 in the land use, forestry and agriculture sector, and (EU) 2018/1999 as regards improvement in monitoring, reporting, tracking of progress and review, COM(2021) 554 final.

<sup>15</sup> European Commission (2021) 'Fit for 55': delivering the EU's 2030 Climate Target on the way to climate neutrality. COM(2021) 550 final – page 9

<sup>16</sup> Görlach, Benjamin, Matthias Duwe and Nick Evans (2017): Frameworks for regional cooperation - the EU, in Looney (ed) „Handbooks of Transitions to Energy and Climate Security“, page 81.

<sup>17</sup> For example, the Climate Action Tracker platform (run by NewClimate Institute and Climate Analytics) assessed the revised EU NDC (with the new 2030 target) as not only inadequate under the Paris Agreement but also as not consistent with a net-zero pathway—see CAT (2020): Climate Target Update Tracker - EU <https://climateactiontracker.org/climate-target-update-tracker/eu/> - last accessed 07 September 2021

potentials to cut and absorb emissions as well as the respective pros and cons is necessary for an effective and comprehensive approach to climate neutrality, with a quantification of its elements to allow for targeted strategies and policies.<sup>18</sup>

### 2.1.3 Strategic planning

The EU long-term strategy (“A Clean Planet for All”) was instrumental in establishing the climate neutrality goal. The Commission had originally been reluctant to support the notion of an EU-level LTS, which had been included in the Governance Regulation during the negotiations. When the European Commission presented its proposal for an EU Long-Term Strategy in November 2019, the publication happened even a few months earlier than required (GovReg Article 15.2).

With the adoption of the 55% target for 2030, **the underlying calculations of the EU LTS are now out of date**. Despite the significant impact of the long-term planning document, neither the GovReg nor the ECL include a provision for future EU LTS updates. In contrast, Member States, which must also produce national LTSs (see more below), must produce an update every 10 and “should, where necessary” provide an optional one every 5 years (GovReg Article 15.1).

The EGD, arguably the implementation plan for the EU LTS, promised a host of additional sectoral and horizontal strategies (some new initiatives and some that had been in the making for a while), many of which have been delivered since (see Table 2 below). The ECL also includes an article on “sectoral roadmaps” (Article 10), obliging the Commission to engage with sectoral representatives about the drawing up of dedicated roadmaps towards climate neutrality. Other than the loose framing of the European Green Deal, **there is no central policy framework for coordination between these strategies**.

## PLANNING TOWARDS A CLIMATE NEUTRAL FUTURE MUST BE A CONTINUOUS PROCESS OF REGULAR UPDATING TO INCLUDE NEW INFORMATION AND INTEGRATE EXPERIENCES FROM IMPLEMENTATION.

One key element for achieving climate neutrality (and net negative emissions thereafter) are carbon dioxide removals (CDR)<sup>19</sup>. The EU needs to figure out the level of residual emissions that cannot be avoided and accordingly the level of carbon sinks required to compensate them — and where these will come from. Among the most climate related latest additions to the list of thematic strategies are three with a connection to negative emissions: an EU Forest Strategy, published in July 2021 alongside the “Fit For 55” package, an EU Soil Strategy and a Communication on Sustainable Carbon Cycles. In combination with the revision of the LULUCF Regulation (see above), the EU Forest Strategy in particular strengthens the natural sinks dimension within overall EU climate governance. The potential of technical sinks is referenced in the Carbon Cycle communication, which could serve as a step toward a comprehensive

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<sup>18</sup> For a discussion of CDR policy landscape, including target setting, see also Milan Elkerbout, Julie Bryhn (2021) Setting the context for an EU policy framework for negative emissions. Scoping paper. CEPS Policy Insights No 2021-12 / September 2021. Brussels

<sup>19</sup> CDR definition by the IPCC includes all forms of storage that is based on human action, including natural and technical options: “Anthropogenic activities removing CO<sub>2</sub> from the atmosphere and durably storing it in geological, terrestrial, or ocean reservoirs, or in products. It includes existing and potential anthropogenic enhancement of biological or geochemical sinks and direct air capture and storage, but excludes natural CO<sub>2</sub> uptake not directly caused by human activities.” <https://www.ipcc.ch/sr15/chapter/glossary/> - last accessed on 17 September 2021

consideration in a separate strategy.<sup>20</sup> As specific next steps, the Commission has announced plans to propose rules for the certification of carbon removals by the end of 2022.<sup>21</sup>

The ECL obliges the Commission to adopt an EU adaptation strategy and Member States to “adopt and implement national adaptation strategies and plans” (Article 5.4 ECL). This essentially replicates the status quo (there already was an EU strategy and almost all Member States have a national one), but now makes this a binding requirement, with a minimum level of content requirement. Some of the provisions have the potential to raise the standard in national strategies overall. There are no specific updates or review cycles included, but these could be triggered through the assessment process in the law.

**Table 2: List of thematic strategies following the EGD, in chronological order (as of January 2022)**

Strategy or similar policy document	Date
Just Transition Mechanism	14 January 2020
European Industrial Strategy	10 March 2020
EU Biodiversity Strategy	20 May 2020
Farm to Fork Strategy	20 May 2020
EU Hydrogen Strategy	8 July 2020
EU strategy on energy system integration	8 July 2020
Renovation Wave	14 October 2020
EU Methane Strategy	14 October 2020
Chemicals Strategy	14 October 2020
EU strategy on offshore renewable energy	19 November 2020
EU Mobility Strategy	9 December 2020
EU Adaptation Strategy	24 February 2021
Action Plan for the Development of Organic Production	25 March 2021
EU Action Plan: Towards Zero Pollution for Air, Water and Soil	12 May 2021
Sustainable Finance Strategy	6 July 2021
EU Forest Strategy	14 July 2021
New European Bauhaus	15 September 2021
EU Soil Strategy	17 November 2021
Sustainable Carbon Cycles	14 December 2021

<sup>20</sup> Technical sinks played a role in the 1.5TECH scenario for reaching climate neutrality, included in the analysis underpinning the EU long-term strategy of 2018. European Commission (2018) In-depth analysis in support of the Commission communication COM(2018) 773 A Clean Planet for all. Page 192

<sup>21</sup> Announcement of the initiative in “Have your say” portal at [https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13172-Certification-of-carbon-removals-EU-rules\\_en](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13172-Certification-of-carbon-removals-EU-rules_en) - last accessed 27 January 2022

### **Status quo assessment and recommendation:**

The EU LTS needs updating to inform future EU policy. Regular updates can serve as a stocktake and facilitate coordination among the various sectoral and cross-sectoral efforts. **Planning towards a climate neutral and net negative future must be a continuous process** that includes new information, updates on technology and cost and integrates experiences from implementation. There is currently no established process for this in the EU's climate governance landscape—and the information is needed to guide both policy-making and the review of the existing targets (incl. the setting of the 2040 goals).

The **added value of regular updates to long-term climate strategies** also received explicit recognition internationally **in the Glasgow Climate Pact**, adopted at the climate summit COP26 in November 2021, and thus also supported by the EU. Paragraph 33 asks all Parties to the Paris Agreement “to update the strategies (...) regularly” and “in line with the best available science”<sup>22</sup>.

A regular updating process for the EU LTS could also help orchestrate the various sectoral and horizontal strategies that are being moved forward in parallel. **An EU LTS could serve as a “master plan” or at least a central hub for all efforts needed towards climate neutrality.**

In this context, while steps have been made towards **advancing carbon dioxide removal** the current approach does **not yet amount to a comprehensive strategy** in that it leaves several questions unanswered regarding 2050 and beyond. It also does not yet spell out **a dedicated strategy for technical sinks** (to the extent they may be required). Clarification on the potential of both natural and technical CDR as well as the potential need for residual emissions would be key for future EU LTS updates and is worthy of a dedicated consideration process<sup>23</sup>.

The provisions on adaptation strategies in the ECL are a good start towards improved governance in this area but should come with common content standards and a clear updating process, to further improve preparedness and resilience.

#### **2.1.4 Policy cycle**

Effective climate governance needs regular policy cycles that revise action as necessary based on progress measurement. Almost all EU climate legislation has explicit review clauses.<sup>24</sup> Most of these are organised around the first formal so-called “global stocktake” under the Paris Agreement, to take place in 2023. They oblige the Commission to “report to the European Parliament and to the Council within six months of each global stocktake” and may present “legislative proposals where appropriate” (GovReg Article 45) to address any issues identified. Accordingly, **the next revision of EU climate policies is expected for the first half of 2024.** The “Fit For 55” package of legislative proposals (July 2021) is thus an extraordinary revision cycle, prompted by the review of the 2030 target, an obligation under the Paris Agreement that had not been integrated into EU internal processes.<sup>25</sup>

The decisions on the EU instruments will also affect national policies. With the NECPs, a regular policy cycle was made mandatory for all EU countries. Member States should update their current NECPs by mid-2023 (draft form, final form a year later (Article 14 GovReg)). What was an optional provision is now becoming mandatory with the 2030 target increase and the

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<sup>22</sup> UNFCCC Decision 1/CMA.3 “Glasgow Climate Pact”

<sup>23</sup> For a more in-depth consideration of the added value of a dedicated and comprehensive EU strategy on CDR, see Meyer-Ohlendorf, Nils (2021) Carbon Dioxide Removal Strategy for the EU. Berlin: Ecologic Institute.

<sup>24</sup> Gores, Sabine et al. (2020): Turning Points for the Ambition of European Climate Targets. Getting granular on the process and identifying cornerstones for discussion. Berlin.

<sup>25</sup> The Commission proposals explicitly leave the next regular cycle (2024) in place, meaning that a new set of amendments to the legislation could be presented only three years after “Fit For 55” was published.

changes in the legislation that will be decided under “Fit For 55” (more below in the section on Member States).

EU and national policies need to work in tandem to achieve structural change in a coordinated fashion. How is this currently being realised? There is no equivalent to the NECPs at EU level, no organising framework to check if all sectors are adequately covered with supportive EU policies, and **there is no overarching process to identify where additional EU measures can support national action most**. If at all, this overarching thinking takes place in the European Commission, and is communicated through policy documents (“communications”) outlining key insights and recommendations. The “Fit For 55” package, for example, builds on the Commission’s Climate Target Plan communication from September 2020. Member States then provided feedback on their preferences to help shape the actual revisions. In the early days of EU climate policy, the European Climate Change Programme (ECCP) served as an identification process that also built a common understanding among Member States and stakeholders about mitigation options and possible EU level policies before they were proposed.<sup>26</sup> No such process for a broad conversation on additional EU-wide policies exists at present.

The EU Climate Law introduces a new process that also serves as a policy review mechanism. **The Commission has to carry out climate neutrality consistency checks** for both EU- and national-level policies separately every five years beginning in September 2023 (Art. 6.2 and 7.1 ECL). Details for this process (or how a methodology would be developed) are not specified in the law and the role for the European Scientific Advisory Board on Climate Change in this reporting, while possible, is not mentioned concretely.

The law further stipulates the inclusion of climate neutrality as a chief consideration in all EU legislative (and budgetary) impact assessments (Art. 6.4), which could also impact policy. However, there are no immediately clear consequences of this provision as the law falls short of establishing direct barriers or criteria. To have an impact, this form of mainstreaming mechanism would have to involve consequences for a lack of coherence with the net zero goal.

#### *Status quo assessment and recommendation:*

EU climate policy is not and cannot be a mere sum of national actions. EU level measures are essential in directly governing sectoral emissions (e.g., the emissions covered by the EU ETS) or via measures supporting Member States in transitioning to a climate friendly economy. Current review cycles are aligned with the Paris Agreement and allow for regular adjustments to the existing toolbox, as required. However, the process for arriving at the proposed changes could be improved for the next cycle (2024), with increased prior consultation.

Without the equivalent to the NECPs at the EU level, **there is also no dedicated process for deliberation** before the Commission puts forward cornerstones of its intended review proposals in the form of a communication—aside from standardised written consultations. One option could be to **reinstitute the ECCP as a permanent forum** to identify where common and coordinated policies and measures would add most value to national policies. Outputs could inform regular updates of the **EU LTS**, that **could serve as an EU level Energy and Climate Plan**, if it were to include an overview of EU level policies and options for additional ones. This could be the central place to consider what needs to happen in the next EU review cycle in 2024.

In advance of the next round of NECP updates (i.e., in the next two years), the EU should bolster the national-EU interface on these planning processes to identify where Member States need

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<sup>26</sup> See for example Oberthür, Sebastian and Marc Pallemarts (2010): [The EU’s Internal and External Climate Policies: an Historical Overview](https://ec.europa.eu/clima/policies/eccp_en). Vubpress, page 37. The website of DG CLIMA still maintains a separate page on the ECCP at [https://ec.europa.eu/clima/policies/eccp\\_en](https://ec.europa.eu/clima/policies/eccp_en).

support and guidance, where updates to the template may be necessary and provide channels for **inter-Member State dialogue and exchange on best practices** and cross-border issues.

Some of the technical updates require a **revision of the GovReg** and should be in place before Member States submit draft NECP updates in mid-2023. Again, information from updated NECPs could serve as an input to the next EU level policy review cycle.

Furthermore, with regard to new provisions set forth in the EU Climate Law, the Commission **must specify a methodology for its policy consistency checks** and the impact assessment compatibility checks, ideally with concrete follow-up required on the part of Member States and EU institutions. These processes should be integrated with overall progress monitoring (see next section) and are an essential input to the 2024 policy package review. In fact, the EU level consistency check could also serve as the process around which inputs to the review are organised in 2023. An updated LTS could serve as a benchmark for assessing consistency.

### 2.1.5 Progress monitoring

Under the United Nations Framework Convention on Climate Change (UNFCCC) all Parties have reporting obligations. The EU, for example, is required to produce annual submissions of GHG data and biennial progress reports as well as national communications. These obligations have successively been enshrined in EU law, to organise a **coherent system for all Member States and the collective representation as the Union**.<sup>27</sup> The EU system of regular cycles for annual GHG data have been in place for decades now and improved over time. There are also EU-specific obligations on Member States to prepare emissions projections and develop lists of policies and measures, and report on progress in implementing adaptation—to name but a few of several mandatory submissions (see Articles 17 to 27 GovReg). The European Environment Agency (EEA) organises and provides quality assurance for some of the submissions.

Both the European Commission and the EEA issue **annual progress reports** (with somewhat different scopes), which focus mainly on the progress towards interim target milestones (in the past mainly on 2020, now on the 2030 targets).<sup>28</sup> The GovReg introduces new reporting by Member States on progress in implementing their NECPs every two years (first submission March 2023 (Article 17.1)). The specifics for these reports are still to be developed by the European Commission (Article 17.4) and will be adopted by a delegated act. The Commission is obliged to provide an assessment of progress based on these reports by 31st of October of the same year. The Commission also presents a “State of the Energy Union” report every year, which is accompanied by a host of related reports (e.g., on progress towards the renewable energy target).

Information is essential for transparency, but it needs action triggers to be effective. From 2023 onwards, the **Commission can provide country-specific recommendations** based on the national NECP progress reports every two years (Article 32 GovReg). In addition, there is a detailed compliance system for the national GHG targets under the Climate Action Regulation (or Effort Sharing Regulation) with action triggered by lack of progress—because these targets are legally binding, whereas the national contributions to the energy targets are not.

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<sup>27</sup> The first comprehensive instrument for this was the Monitoring Mechanism Decision (MMD) of 2004 for the Kyoto Protocol's first commitment period, replaced by the Monitoring Mechanism Regulation (MMR) of 2013 for the 2020 targets, now replaced by the GovReg (adopted 2019) with a view to 2030 and beyond. See also EC webpage on reporting obligations and legal framework [https://ec.europa.eu/clima/policies/strategies/progress/monitoring\\_en](https://ec.europa.eu/clima/policies/strategies/progress/monitoring_en)

<sup>28</sup> The Commission report ([https://ec.europa.eu/clima/policies/strategies/progress\\_en](https://ec.europa.eu/clima/policies/strategies/progress_en)) and EEA publication (Trends and projections) <https://www.eea.europa.eu/themes/climate/trends-and-projections-in-europe> - last accessed on 7 September 2021

The ECL establishes an additional **progress measuring mechanism for climate neutrality**, every five years—first to be issued in September 2023 (Article 6 ECL). Tracking progress on climate neutrality requires indicators that can measure if underlying structural change is happening and at what rate. A robust system for this task needs to go beyond overarching data points, such as overall or sectoral GHG emissions and energy use.<sup>29</sup> The law does not provide details regarding the development of a methodology for this progress assessment (e.g., adoption by delegated act) or a timeline for producing one. The law also does not mention that input from the European Scientific Advisory Board on Climate Change should be included on this assessment specifically. The same report is also meant to cover progress towards adaptation.

#### ***Status quo assessment and recommendation:***

Action in the 2020s needs to trigger the structural change needed for climate neutrality. Progress in the next decade is essential and the EU must have a robust system of tracking it. In principle, **the existing reporting system is well-established** and has been ramped up through the GovReg. It provides transparency regarding progress on the overarching headline targets for the next ten-year milestones. However, **it is not yet adequate for measuring progress towards climate neutrality**.

The Commission should start a transparent and inclusive process to develop net zero indicators, which could then be used in the NECP progress reports and to improve NECP templates and assess draft NECPs and future LTSs. **Updates should be more regular than every five years** at EU level. And the climate neutrality progress measuring via net zero indicators should feature in the annual State of the Energy Union reports to provide a regular update.

### **MONITORING PROGRESS TOWARDS CLIMATE NEUTRALITY REQUIRES NEW INDICATORS THAT CAN TRACK STRUCTURAL CHANGES INSIDE AND ACROSS SECTORS. A NEW EU LEVEL METHODOLOGY HAS TO BE DEVELOPED.**

Arguably, one of the central risks in in the GovReg is **the soft governance approach to monitoring NECP implementation**. A recommendation-based system has not shown to be particularly effective under the European Semester. The one established for the NECPs will need to prove its worth. An analysis of the extent to which Member States heeded Commission recommendations on their draft NECPs paints a mixed picture, with the majority of recommendations only “partially addressed”.<sup>30</sup> A lack of action could delay the transformation or further a carbon-intensive lock-in. Information on national policy gaps should also inform considerations regarding potential additional action from the EU level (see “Policy Cycle” above).

#### **2.1.6 Internal coordination**

As climate action concerns essentially all policy areas, effective climate governance benefits from internal coordination and clear allocation of responsibilities. For the EU, this goes for the three main institutions, respectively, as well as for their interactions.

At the **European Commission**, Commission President von der Leyen has appointed Commissioner Timmermans to be formally in charge of the European Green Deal<sup>31</sup>—keeping a

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<sup>29</sup> See Duwe; Velten, Haase, Berghmans, Evans and Spasova (2021): Measuring progress towards climate neutrality. Ecologic Institute, Berlin / IDDRI, Paris – which presents a specific monitoring methodology

<sup>30</sup> Knodt, Müller, Ringel, Schlacke (2021) Analyse: (Un)Fit for 55? Lehren aus der Implementation der Governance-Verordnung. Ariadne Projekt. <https://ariadneprojekt.de/publikation/analyse-unfit-for-55/> - last accessed on 21 September 2021

<sup>31</sup> European Commission (2019): Frans Timmermans, Executive Vice-President for the European Green Deal. Mission letter. Brussels, 1 December 2019.

horizontal overview even if individual initiatives are part of the responsibility of his colleagues in the college. He is also in charge of the Directorate General for Climate Action (DG CLIMA). While the College of Commissioners meets regularly for discussion and to take decisions on formal publications and proposals, there is no climate specific coordination mechanism outside of individual processes to prepare new legal proposals or communications.

At the **Council**, Member States have elaborate and established system of communication and deliberation through formal council working groups, some of which are legally established through the Treaty on the Functioning of the EU (TFEU).<sup>32</sup> The standing committee of permanent representatives (COREPER) organises negotiations on legislation and coordinates agreement on text for Council conclusions.<sup>33</sup> For matters concerning the Environment Council, the representatives gathering are the respective experts on environment and climate matters. They meet as the Working Party on the Environment (WPE). There is a separate forum for international topics, the Working Party on International Environment Issues (WPIEI), which drafts EU negotiation mandates for the climate regime, for example.

The **European Parliament** (EP) has an elaborate and well-established working mode that splits responsibilities for topics into Committees and assigns individual Members of Parliament to act as rapporteurs on specific topics or pieces of legislation to consult other MEPs and draft an opinion. Most climate-related policies are classified as environmental policies and thus are dealt with in the Environment Committee. For the better part of two years in 2007-2009, there was also a temporary committee on climate change.<sup>34</sup> Support for the renewed establishment of such a dedicated committee for climate action has been voiced at times by individual political parties and backed by environmental groups.<sup>35</sup>

In terms of coordination and communication **between the institutions**, there are also procedures in place. The ones that are adopted in legal form on the basis of the treaty take the form of Interinstitutional Agreements (IIAs). A recent IIA with a climate change connection was concluded on 16 December 2020 around the collaboration on the EU budget. It stipulates for a case of “insufficient progress towards the climate spending target”, that “the Institutions, in accordance with their responsibilities and the relevant legislation, will consult each other on appropriate measures to be taken”<sup>36</sup>. So, **for specific cases, there is a concrete coordination mechanism between the three institutions**. All three institutions also come together to resolve differences between Council and Parliament in negotiations on decisions on legislation, in the so-called trilogues.<sup>37</sup> This practice, which is not established through the treaties, has, however, been criticized for its lack of transparency.<sup>38</sup> It is legislation-specific and cannot serve as an intra-institutional coordination mechanism.

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<sup>32</sup>The list of preparatory bodies is updated regularly and available online on the Council webpage <https://www.consilium.europa.eu/en/council-eu/preparatory-bodies/> - last accessed on 9 September 2021

<sup>33</sup> Among the Council's working groups, there are two COREPER groups (I and II), of which the first includes environment as a policy area. See <https://www.consilium.europa.eu/en/council-eu/preparatory-bodies/coreper-i/> - last accessed on 9 September 2021

<sup>34</sup> Parliament decision at <https://www.europarl.europa.eu/committees/en/archives/6/clim/home/presentation-competencies> - last accessed on 7 September 2021

<sup>35</sup> See news report from June 2019 at <https://www.euractiv.com/section/climate-environment/news/eu-leftists-demand-climate-emergency-parliament-committee/>

<sup>36</sup> Official Journal of the European Union, L 433 I/31 22.12.2020

<sup>37</sup> Further details available for example on the European Parliament's website at <https://www.europarl.europa.eu/olp/en/interinstitutional-negotiations> - last accessed on 8 September 2021

<sup>38</sup> Transparency International has analysed the transparency of the system and published reports on the operation of the EU institutions in 2014 and 2021 - see <https://transparency.eu/euis/> and specifically Bofarull, Angels G., Leo Hoffmann-Axthelm, Matilde Manzi, Vitor Teixeira (2021): *One rule for them, one rule for us. Integrity double standards in the European Parliament*. Transparency International EU, page 25.

**Commission and Member States** also engage via Commission representatives attending Council Working Groups and through the work of Committees dedicated to climate policy aspects (which serve specific purposes as per the TFEU). The GovReg uses, for example, a “Climate Change Committee” (which had been in operation already for years) and an “Energy Union Committee” (Article 44), each for dedicated functions to support implementation of the legislation. Other fora for exchange on climate related matters are ad hoc or permanent expert groups. In 2015, a dedicated technical working group was created on NECP development<sup>39</sup> that was still in operation at least in 2020.<sup>40</sup> Another group that is still operating is the “Commission expert group on climate change policy”, which looks specifically at the development of EU ETS related matters.<sup>41</sup> At times, additional opportunities for exchange have been created through informal expert groups, such as the European Climate Policy Group, which met between 2010 and 2017, consisting of Member States and the European Commission.<sup>42</sup> These expert groups and the committees provide some opportunity for regular exchange among Member States outside of negotiations on legislation, and for dialogue with the European Commission—but do so usually for a specific thematic purpose and not with the mandate to create a general coordination function.

No similar permanent (and closed) bodies for regular (and informal) exchange exist between the **Commission and Parliament**, although Commission representatives attend EP hearings.

#### *Status quo assessment and recommendation:*

The challenge posed by the need to go climate neutral is of an order of magnitude and complexity that requires mainstreaming across policy areas and across terms of office. Coordination across different policy areas creates a common understanding and sense of purpose and can help avoid contradictory policy signals. **Coordination is essential to creating an integrated policy framework** that can work effectively towards a long-term goal such as climate neutrality.

### THE IMPORTANCE OF THE EUROPEAN GREEN DEAL WARRANTS A DEDICATED OVERSIGHT MECHANISM INSIDE THE COMMISSION AND A REGULAR DIALOGUE AMONG THE INSTITUTIONS ON PROGRESS.

Several well-established formal and informal coordination processes exist inside and between the three main EU institutions. However, there is presently **no externally visible mechanism for climate-specific coordination between the three institutions**—outside of individual IIAs and the ordinary legislative procedure. Considering that the European Green Deal (with climate neutrality at its heart) is meant to be the central new project of the EU, some form of **additional exchange and coordination is warranted**—both at the top level as well as at mid-range working level. One option would be to establish a regular intra-institutional dialogue on the state of the European Green Deal, which meets at least annually and that is at least in part public.

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<sup>39</sup> Mention of it was made in the Impact Assessment accompanying the GovReg (SWD(2016) 394 final, page 9)

<sup>40</sup> It has been meeting up until at least February 2020 (see webcast of meeting on February 6, 2020 at <https://webcast.ec.europa.eu/meeting-of-the-technical-working-group-on-national-energy-and-climate-plans-06-02-2020> - last accessed on 6 September 2021. There is no dedicated website to provide information on individual meetings of the group.

<sup>41</sup> See respective entry in the Register of Commission expert groups – European Commission (n.d.): Commission expert group on climate change policy (E03590). Register of Commission Expert Groups and Other Similar Entities <https://ec.europa.eu/transparency/expert-groups-register/screen/expert-groups/consult?lang=en&groupID=3590> - last accessed 15 September 2021

<sup>42</sup> See respective entry in the Register of Commission expert groups - European Commission (n.d.): European Climate Policy Group (E02794). Register of Commission Expert Groups and Other Similar Entities <https://ec.europa.eu/transparency/expert-groups-register/screen/expert-groups/consult?lang=en&groupID=2794> -last accessed on 15 September 2021

Such an exchange would benefit from climate neutrality progress updates (see above) and could inform the State of the Energy Union report or the State of the Union speech by the Commission president every year.

Inside the institutions, there are topic-specific or legislation-specific procedures, but **there is no discernible overarching intra-institutional coordination mechanism** to reach a consensus on the status quo and decide on priorities on a regular basis. At least inside the Commission, the responsibility for the project European Green Deal has been handed to a Commissioner at Vice-President level. **All three institutions should examine their own internal arrangements** to check if they are adequate for providing a coherent policy overview regarding climate neutrality. This could be an intra-DG group on the EGD, or a regular mid-level group inside the Council, or a permanent Committee in the EP, etc. Any new process or mechanism that generates additional meetings and documentation should, of course, be serving a specific purpose and create added value for better policy-making.

### 2.1.7 Scientific advice

The perceived importance of independent scientific advice in long-term climate policy governance is evident in the growing number of national advisory bodies that are composed of scientists and established with the specific purpose to provide input on climate policy.<sup>43</sup> They fulfil multiple roles, including information provision (e.g., on emission trends), technical advice on policy details (or impact of planned instruments) and acting as a watchdog that points to gaps in governmental action. In the EU, several of these functions have been allocated to specific institutions.

The Statistical Office of the European Union, **Eurostat**, is the main aggregate collector of data, made available through a public website. The **EEA** also collects data from Member State submissions and issues aggregate reports, including ones that point out progress towards targets (see progress monitoring). The **European Commission** also issues progress reports and organizes and publishes impact assessments on legislative proposals and new policy—with analysis done in the background by contracted consortia of research institutes. The **Regulatory Scrutiny Board** essentially serves as an internal quality check inside the Commission and supports, for example, the production of impact assessments. In addition, the **Joint Research Centre (JRC)**, as the Commission's central scientific and knowledge service, provides advice and expert consultation to the Commission on numerous areas. The Commission also provides funding to academic institutions across Europe (e.g., via Horizon Europe) to undertake additional research and further the scientific understanding underpinning climate policy.

One criticism of technical inputs to policy-making that has been voiced in the context of EU climate policy is the **use of specific modelling tools** (in particular the PRIMES model—originally developed by the National Technical University of Athens<sup>44</sup>). Criticism centres on an alleged lack of transparency about the model's workings and on outdated input parameters (e.g., the cost of renewable energy technologies<sup>45</sup>). One output from the Commission's modelling exercise that is updated on a regular basis is the development of a Reference Scenario that informs relevant impact assessments.<sup>46</sup> The latest version at the time of writing is the Reference

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<sup>43</sup> Evans, Nick and Matthias Duwe (2021): [Climate governance systems in Europe: the role of national advisory bodies](#). Ecologic Institute, Berlin; IDDRI, Paris.

<sup>44</sup> Antoniou, Yiannis and Pantelis Capros (1999): [Decision support system framework of the PRIMES energy model of the European Commission](#). International Journal of Global Energy Issues.

<sup>45</sup> Agora Energiewende (2017): [The Cost of Renewable Energy. A critical assessment of the Impact Assessments underlying the Clean Energy for All Europeans Package](#). Berlin.

<sup>46</sup> Details on EU modelling tools – European Commission (n.d): [Modelling tools for EU analysis](#) - last accessed on 15 September 2021

Scenario 2020, which is based on a set of models that feature PRIMES as a central component. However, the scenario was explicitly developed with stakeholder consultation, including input on essential input parameters.<sup>47</sup>

In addition to the existing landscape of institutions contributing to the scientific basis, a new body is about to be set up under the European Climate Law. During negotiations on the law, the European Parliament insisted on the establishment of a **European Scientific Advisory Board on Climate Change** to provide targeted independent, science-based input to EU climate policy processes. The mandate it has been given in the law is clearly one of independence from the European Commission, with the freedom to set its own work programme (Article 3 ECL). At the same time, the law does not specify explicitly for which of the existing and new governance processes the input of the new Scientific Advisory Board should be heard (the exemption being the carbon budget calculation (Article 4.4 ECL)).

#### *Status quo assessment and recommendation:*

The scientific knowledge and the modelling tools underpinning EU climate policy proposals have been enhanced steadily over time. A strong set of institutions with robust expertise provide information and contribute to analysis. Ultimately, the European Commission is, however, the actor that decides which insights to draw on from the scientific analysis and use for proposals on policy and legislation. The European Parliament's concept of an additional independent body (the new European Scientific Advisory Board on Climate Change) that may voice alternative opinions and still have scientific credibility was borrowed from examples of such advisory councils at national level. The lack of specification on where and how the new institution has to be consulted means that **a lot depends on the individuals chosen for participation in the Advisory Board, how they define their role and where they set priorities** (progress measuring, policy consistency, broader societal impacts, etc.). The potential certainly exists for this additional voice to influence EU policy-making (that is based on political negotiations also) so that future decisions are (even) more rational and fact-based. Input to the new mechanisms established under the ECL (progress towards climate neutrality, consistency checks), would be a good starting point.

#### **2.1.8 Public Participation**

Open, democratic societies allow many ways in which their citizens can participate in the political process. They can protest on the streets (which Fridays for Future is making use of), engage in political parties and express their preference at the ballot box—and they can exercise their right to free speech (e.g., online). Beyond these existing options, dedicated outreach to the public or organised stakeholder groups to facilitate their input can improve policy-making: it can yield additional information to improve policy design and help create credibility and support for the process and its outcomes. Considering the transformational nature of the move to and beyond climate neutrality, this support is a necessary condition.

The Commission and EU Member States have to create consultation options and access to information under the rules of the Aarhus Convention, implemented in EU law via the Aarhus Regulation<sup>48</sup>. EU policy includes **dedicated institutions to allow for ongoing and regular stakeholder input** in the form of the Economic and Social Committee (ECOSOC), but also through the Committee of the Regions (CoR), for example.

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<sup>47</sup> See website [https://ec.europa.eu/energy/data-analysis/energy-modelling/eu-reference-scenario-2020\\_en](https://ec.europa.eu/energy/data-analysis/energy-modelling/eu-reference-scenario-2020_en) - last accessed on 15 September 2021

<sup>48</sup> Aarhus Regulation No. 1367/2006 – legislative process to amend the law was completed in July 2021. For details, see EC webpage <https://ec.europa.eu/environment/aarhus/legislation.htm> - last accessed on 20 September 2021

As a general rule, the **Commission creates online consultations** for new legislation, both in advance of and after publication—available via an online platform (“Have your say”)<sup>49</sup>. The Commission has also been organising citizens’ dialogues and citizens’ assemblies across the EU—in the form of representatives from the Commission attending events in Member States.

For individual issues, **dedicated stakeholder consultation events** have been held in the past.<sup>50</sup> For climate policy, the latter approach was most pronounced in the European Climate Change Programme after the turn of the century.<sup>51</sup> Stakeholders also may provide input through participation in **Commission Expert groups**, which focus on specific topics (see also section on Policy Coordination above). Naturally, organised stakeholder groups also aim to provide input to policy-making at every stage through publications, press work and direct meetings with relevant actors in the EU institutions.

Under the GovReg, all **Member States are obliged to organise so-called multilevel energy and climate dialogues** to consult a broad range of views: “local authorities, civil society organisations, business community, investors and other relevant stakeholders and the general public” (Article 11). The legislation does not provide any further specification as to what may qualify as such a dialogue and includes no follow-up other than inclusion in Member States’ biannual reporting (from 2023 onwards). No such dedicated body exists at EU level, nor do the GovReg or the ECL create such a forum.

### THE GOVERNANCE REGULATION OBLIGES MEMBER STATES TO CARRY OUT “MULTI-LEVEL ENERGY AND CLIMATE DIALOGUES” BUT CREATES NO SIMILAR STAKEHOLDER ENGAGEMENT FORUM AT EU LEVEL.

As part of the European Green Deal, the Commission launched the **European Climate Pact** in December of 2020 to engage with the public on climate action. The goal of the initiative is to have individuals commit to becoming Climate Pact “ambassadors” to raise awareness among fellow citizens about climate change—and through individuals pledging to take specific action to contribute to the achievement of the EU’s climate objectives.<sup>52</sup>

Another means for individuals to engage in policy-making and pursue their interest is the ability to use legal means of holding governments accountable. The Aarhus Regulation (referenced above) that specifies the obligations under the Aarhus Convention through EU law, was amended in 2021 specifically to address this issue after the Aarhus Convention Compliance Committee found the EU implementation of the obligations concerning access to justice to be insufficient in 2017. The revision significantly enhances access to justice concerning EU legislation but does not do the same for state aid or national implementation, according to observers.<sup>53</sup>

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<sup>49</sup> “Have your say” platform is available at [https://ec.europa.eu/info/law/better-regulation/have-your-say\\_en](https://ec.europa.eu/info/law/better-regulation/have-your-say_en)

<sup>50</sup> For example, a two-day conference was organised during the process of the preparation of the EU LTS. However, the event allowed only for limited interaction and exchange of views.

<sup>51</sup> See process description in European Commission (2001) Third National Communication to the UNFCCC. “The ECCP has been set-up as a multi-stakeholder consultative process (...). Seven technical Working Groups were established under the co-ordination of an ECCP Steering Committee.” (p. 68)

<sup>52</sup> European Commission (2020): European Climate Pact. COM/2020/788 final.

<sup>53</sup> Client Earth (2021) EU pulls down barriers for public to challenge environmental wrongdoing in court. Press release, 13 July 2021. <https://www.clientearth.org/latest/latest-updates/news/eu-pulls-down-barriers-for-public-to-challenge-environmental-wrongdoing-in-court/> - last accessed on 21 September 2021

### **Status quo assessment and recommendation:**

In general, there are already several ways through which individual citizens and organised **stakeholders can engage in EU policy-making**. However, it is debatable how much influence the institutionalised stakeholder bodies have on actual policy-making. While written consultations may be an effective means of allowing a large number of inputs to be made, they do not allow for an actual exchange of arguments and dialogue. Interactive consultations, especially if not organised as a one-off event but convened on a more regular basis, force argumentation among different stakeholder positions. Expert groups follow this approach to extract a focused input to policy-making.

Analogue to the considerations presented under “Policy Coordination” above, the importance and complexity of the climate neutrality challenge may warrant a **structured and more permanent stakeholder consultation forum** that also involves Member States and the European Parliament. Building on the precedence of the European Climate Change Programme two decades ago, a permanent “Climate Neutrality Realisation Dialogue” could be created to regularly take stock of the current efforts and provide inputs on essential structural questions about future EU climate policy. Moreover, **an EU-level citizen assembly on climate action** could be carried out—a potential task for the European Climate Pact.<sup>54</sup>

**EFFECTIVE STAKEHOLDER PARTICIPATION IS MORE THAN THE CHANCE TO SUBMIT WRITTEN INPUTS. ONLY OPPORTUNITIES FOR DIRECT EXCHANGE AND DIALOGUE CAN BUILD A COMMON UNDERSTANDING. A REGULAR FORUM ON CLIMATE NEUTRALITY COULD BE ESTABLISHED AT EU LEVEL.**

Beyond the EU level, public participation also needs to be made more continuous and regular in Member States. The state of implementation of the multilevel dialogues under the GovReg should be checked, and further engagement with the public encouraged. In this context, the EU should make good on the promise to introduce **dedicated provisions on access to justice in national courts** in sectoral legislation.<sup>55</sup> Attempts by the Parliament to act on this for the EU Climate Law were prevented by the Council. However, for important processes like the NECPs or LTSs this could be implemented **through the introduction of a specific Article in a revised GovReg**.

*This concludes the analysis of the eight governance elements for the EU level. Section 2.2 provides a briefer assessment of the same parameters for the national level, to complement the overall picture of EU climate governance.*

## **2.2 Member States innovate in climate governance**

EU legislation has implemented a minimum standard for all Member States to follow, including through the GovReg. **National governments**, who remain responsible for actions to reduce their respective GHG emissions and need to get their countries on a path towards climate neutrality, **require effective climate governance systems of their own**. A snapshot of the landscape of national climate governance is an important complement to the picture painted for the EU level

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<sup>54</sup>The need to strengthen “participatory opportunities and elements of deliberative democracy” (Oberthür 2021, p. 3) is also supported as a contributing element of one of two key pillars to a future proof framework for climate policymaking in Oberthür 2021 – see footnote 5

<sup>55</sup> The Commission communication accompanying the Aarhus Regulation amendment proposal in October 2020 states: “The second priority area, is for the co-legislators to include provisions on access to justice in EU legislative proposals made by the Commission for new or revised EU law concerning environmental matters. (...)” (p. 7-8) European Commission (2020) Improving access to justice in environmental matters in the EU and its Member States. COM(2020)643

in section 2.1 Not all of the eight governance elements could be assessed in detail for all 27 Member States. The key insights and recommendations are summarised at the end, across all governance elements.

### **2.2.1 Overall context and legal framework, incl. political support:**

Member States have also elaborated their national climate governance systems, either through the implementation of new EU rules (e.g., developing NECPs and LTSs), or of their own making (e.g., adopting national climate framework laws). However, significant differences exist in the quality of the national systems, and there are variations in the implementation of the new instruments.<sup>56</sup> EU-level decisions show shared political support, but the depth of it is country-specific. However, one can argue that the “winds of change” are being felt even in countries traditionally more cautious about more ambitious climate action—e.g., the slow shift in Poland to embrace renewables.<sup>57</sup> After all, the 27 Member States agreed to the 2050 and 2030 target updates, even though the impacts on their national targets and policies were still to be decided.

**MEMBER STATES HAVE LED THE WAY IN IMPROVING GOVERNANCE THROUGH CLIMATE FRAMEWORK LAWS AND DEDICATED INSTITUTIONS. THE INCREASED ACCOUNTABILITY HAS RESULTED IN HIGHER TARGETS AND STRONGER PRESSURE TO DELIVER.**

Most of the countries that have established legal climate governance frameworks have tried to build political support around the process of adopting their climate laws. A very explicit example of this is the revision of the Danish Climate Law. The essential elements were agreed upon by a large group of political parties (beyond those in government) in December 2019, before a draft of the legal text was developed.<sup>58</sup> The growing number of legal frameworks may have also contributed to more challenges in court, which have occurred most visibly in Ireland, the Netherlands and Germany. Following a complaint lodged by environmental groups and individuals, the constitutional court in Germany decided in March 2021 that the government had to revise its national climate law. It did so promptly in the run-up to the federal elections of September the same year, increasing the 2030 target from -55 to -65%, adding an interim step of -88% by 2040 and bringing forward climate neutrality from 2050 to 2045.<sup>59</sup> The proliferation of legal frameworks can thus be argued to have led to additional climate action.

*Table 3 on the following page provides an overview across all 27 EU Member States and their currently valid long-term climate targets and their respective legal frameworks – and the extent to which the targets have been enshrined in law.*

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<sup>56</sup> Evans, Nick and Matthias Duwe (2021): Climate governance systems in Europe: the role of national advisory bodies. Ecologic Institute, Berlin; IDDRI, Paris.

<sup>57</sup> See for example Reuters (2021) Green energy investors target Poland as it weans itself off coal. <https://www.reuters.com/article/us-poland-energy-offshore-idUSKBN2AA116> - last accessed on 21 September 2021

<sup>58</sup> Duwe, Matthias and Nick Evans (2021): Professionalizing Climate Policy via Legislation: Good Practices in Long-Term National Climate Framework Laws, Policy Paper Series "Shaping the Transition to a Low-Carbon Economy: Perspectives from Israel and Germany". Israel Public Policy Institute and Heinrich Böll Foundation Tel Aviv.

<sup>59</sup> Clean Energy Wire (2021) Germany passes new Climate Action Law, pulls forward climate neutrality target to 2045. 25 June 2021. <https://www.cleanenergywire.org/news/germany-passes-new-climate-action-law-pulls-forward-climate-neutrality-target-2045> - last accessed on 21 September 2021

**Table 3: List of national long-term climate targets, strategies and framework laws**

Country	National climate framework law*	National long-term target	Target in law
Austria	<u>Climate Protection Act (2011, 2017)</u>	Climate neutral by 2040	no
Belgium		No national target yet, regions have their own.	
Bulgaria	<u>Climate Change Mitigation Act (2014, 2020)</u>		
Croatia	<u>Climate Change &amp; Ozone Layer Protection Act (2019)</u>	LTS indicates -57% to -73% by 2050, compared to 1990	
Cyprus			
Czechia		80% reduction by 2050, compared to 1990	
Denmark	<u>Climate Act (2014, 2020)</u>	Climate neutral by 2050	yes
Estonia		80% reduction by 2050, compared to 1990	
Finland	<u>Climate Change Act (2015, 2022 (in process))</u>	Carbon neutral by 2035	yes (under review)
France	<u>LAW n ° 2019-1147 relating to energy and climate</u>	Carbon neutral by 2050	yes
Germany	<u>Federal Climate Change Act (2019, 2021)</u>	Climate neutral by 2045	yes
Greece	<i>Draft law proposed</i>	Climate neutral by 2050	(proposed)
Hungary	<u>Law No XLIV on Climate Protection (2020)</u>	Climate neutral by 2050	yes
Ireland	<u>Climate Action and Low Carbon Development Act (2015, 2019, 2021)</u>	Climate neutral by 2050	yes
Italy		Climate neutral by 2050	
Latvia		Climate neutral by 2050	
Lithuania		Climate neutral by 2050	
Luxembourg	<u>Law of December 15, 2020 relating to the climate</u>	Climate neutral by 2050	yes
Malta	<u>Climate Action Act (2015, 2020)</u>	Carbon neutral by 2050	No
Netherlands	<u>Climate Law (2019)</u>	-95% by 2050, from 1990	yes
Poland			
Portugal	<u>Climate Framework Law (2021)</u>	Climate neutral by 2050	yes
Romania			
Slovakia		Climate neutral by 2050	
Slovenia		Climate neutral by 2050	
Spain	<u>Climate Change and Energy Transition Law (2021)</u>	Climate neutral by 2050	yes
Sweden	<u>Climate Act (2017)</u>	Climate neutral by 2045	no (but equivalent)

Source: variety of sources compiled by the author (including Duwe/Evans 2021, NetZeroTracker, Climate Laws database (LSE), personal conversations, desk research). \* dates in brackets show original year of adoption and year of amendment.

## 2.2.2 Targets for both the long- & short term

As in the case of Germany, several other EU Member States have revised their long-term targets since 2015 and now aim to reach climate neutrality by 2050 or earlier (e.g., Finland by 2035, Austria by 2040, Sweden and Germany by 2045). For some, this also implied higher interim targets. As such, a small number of Member States decided to put forward national GHG targets in their NECPs that were more ambitious than the legal requirements under the Climate Action Regulation (Luxembourg, Slovakia, Slovenia and Sweden)<sup>60</sup>. Some have processes for revising or setting interim targets, for example, Denmark.<sup>61</sup> Several countries have started using variants of a budget approach, including France, Germany and Ireland.<sup>62</sup> A dynamic to enhance national targets is visible in at least a certain share of Member States. **A key remaining weakness is the lack of clear long-term targets in almost a third of Member States** (see Table 3 on the previous page) and the fact that several existing ones are not legally binding (another third). Whereas several countries have set a course towards climate neutrality and included the respective targets in national laws, the direction of travel is much more ambiguous in most others, despite the EU's collective goal. This could translate into similarly unclear policy signals and lower certainty for investments.

## 2.2.3 Strategic Planning

All Member States have invested in capacity and analysis to produce national long-term strategies, which were due by 1 January 2020.<sup>63</sup> However, at the time of writing (January 2022) five Member States have still not delivered their strategy to the Commission.<sup>64</sup> In Ireland, the government may be facing a legal challenge because of the delay.<sup>65</sup> The many late submissions are a strong indication that NECPs have been given greater attention and political priority both at national level. National LTSs have often been handled by the Ministries in charge of climate policy, while NECPs have been prepared by those Ministries in charge of energy policy.<sup>66</sup>

The **low level of attention at EU level to national LTSs** may not have helped the matter: whereas the NECPs were given a dedicated technical working group (see Internal Coordination above) and also technical assistance, no equivalent support was provided to national LTS development (although some countries were able to access LIFE funding to build up national capacity)<sup>67</sup>. There is no legal requirement under the GovReg for national LTS to be reviewed by the Commission in draft or final form before adoption. An assessment of the LTSs is mandatory, but with a focus on the contribution to the EU long-term goal. (Article 15.4 GovReg). Individual Member States, such as Sweden and Finland, have started developing dedicated strategies for

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<sup>60</sup> European Commission (2020): EU-wide assessment of National Energy and Climate Plans. Driving forward the green transition and promoting economic recovery through integrated energy and climate planning. COM/2020/564 final, p. 9.

<sup>61</sup> Duwe, Matthias and Nick Evans (2021): Professionalizing Climate Policy via Legislation: Good Practices in Long-Term National Climate Framework Laws. Policy Paper Series "Shaping the Transition to a Low-Carbon Economy: Perspectives from Israel and Germany". Israel Public Policy Institute and Heinrich Böll Foundation Tel Aviv, p. 16.

<sup>62</sup> Ibid, page 15.

<sup>63</sup> Duwe, Matthias and Ewa Iwaszuk (2019): Planning for 2050 – shifting the focus towards long-term climate objectives. CR2050 briefing paper.

<sup>64</sup> Several Member States have not yet submitted a long-term strategy, although the deadline was on 1 January 2020 – European Commission (n.d.): National long-term strategies [https://ec.europa.eu/info/energy-climate-change-environment/implementation-eu-countries/energy-and-climate-governance-and-reporting/national-long-term-strategies\\_en](https://ec.europa.eu/info/energy-climate-change-environment/implementation-eu-countries/energy-and-climate-governance-and-reporting/national-long-term-strategies_en) - last accessed on 26 January 2022.

<sup>65</sup> Irish Times (2021) Legal challenge threatened over State's failure to produce long-term climate strategy. 14.12.2021- last accessed on 26 January 2022 <https://www.irishtimes.com/news/environment/legal-challenge-threatened-over-state-s-failure-to-produce-long-term-climate-strategy-1.4755079>

<sup>66</sup> Duwe, Matthias and Ewa Iwaszuk (2019): LTS In Europe: Experience from National and EU-Wide 2050 Climate Planning. World Resource Institute.

<sup>67</sup> For example, Polish Center for Climate and Energy Analyses (CAKE) - <http://climatecake.pl/?lang=en> and Slovenia's "LIFE ClimatePath2050" <https://podnebnapot2050.si/?lang=en> - both last accessed on 21 September 2021

CDR (some with a stronger focus on natural sinks). The Swedish strategy specifically aims to look at net negative emissions as a long-term objective.<sup>68</sup>

**NATIONAL LONG-TERM STRATEGIES HAVE BEEN SIDELINED IN COMPARISON TO NECPS, INCLUDING BY THE EUROPEAN COMMISSION. THEY NEED TO BE GIVEN GREATER VISIBILITY AND SUPPORT – TO ENABLE THEM TO INFORM THE NECP UPDATING PROCESS IN 2023-2024.**

#### 2.2.4 Policy Cycle

All Member States have to have a five-year policy development cycle through the NECPs—at least they need to communicate on their own policies in that timeframe. The first round of NECPs have had their issues. Several were late in the draft format and details were missing in many of them, which made a proper assessment impossible.<sup>69</sup> Part of the problem was the temporal misalignment of the NECP deadlines with existing national policy cycles. NECP development also required new processes and additional capacity to allow for an integrated approach. The final NECPs also have shortcomings: the national contributions are insufficient to reach the current 2030 EU energy efficiency target.<sup>70</sup> They also fell largely short of providing adequate information on investment needs.<sup>71</sup> Assessments by civil society observers also showed shortcomings in process, e.g., in public participation.<sup>72</sup>

The higher 2030 targets will force revisions to the NECPs, and the GovReg requests draft updates by June 2023. While gaps in the first round can be accounted for by the novelty of the instrument, **the second set of NECPs will need to be better**—and in line with the long-term objectives. The GovReg also obliges Member States to ensure coherence between NECPs and their respective national LTS (Art. 15.6 GR), but there is no process specified for checking whether this indeed the case. Because **there is no individual LTS assessment** or even simple feedback from the Commission to Member States mandated in the law, there won't be any window for carrying out such a check until draft NECP updates are in mid-2023—unless the Commission decides to carry out such an evaluation on its own volition. This type of information would be essential for better NECPs by mid-2023.

#### 2.2.5 Progress monitoring

Member States all face a common set of reporting obligations, as outlined in the respective section in Chapter 2.1 above. However, there are significant differences in the quality of the national systems regarding opportunities for public attention to shortcomings in progress. In more robust governance systems, often in the form of climate laws, a dedicated annual report is included, sometimes prepared by an independent scientific body, as a means of enhancing accountability of the national government. All Member States should institute the practice of

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<sup>68</sup> See input material to Climate Recon 2050 workshop on national CDR strategies at <https://climatedialogue.eu/cdr-meeting> - last accessed on 9 September 2021.

<sup>69</sup> Duwe Velten, Evans, Freundt, Pestiaux, Martin, Vermeulen (2019): Planning for net-zero: Assessing the Draft National Energy and Climate Plans. Berlin, Louvain-la-Neuve, Brussels.

<sup>70</sup> European Commission (2020): An EU-wide assessment of National Energy and Climate Plans. Driving forward the green transition and promoting economic recovery through integrated energy and climate planning. 2020/564, p. 9.

<sup>71</sup> Ibid, page 12.

<sup>72</sup> The project Plan-Up monitored NECP processes and the results in several EU Member States, including a check on public participation processes – see for example: [https://www.planup.eu/en/updates/necps\\_process\\_how\\_are\\_eu\\_member\\_states\\_developing\\_their\\_engagement\\_strategies/311](https://www.planup.eu/en/updates/necps_process_how_are_eu_member_states_developing_their_engagement_strategies/311) - last accessed on 21 September 2021

using annual progress data to review the adequacy of their policies and trigger additional action if necessary. And they need to start deploying a means to track progress towards the climate neutrality transition.<sup>73</sup> A solid methodology at EU level with net zero indicators would help in this regard (see section in 2.1.5 above).

### 2.2.6 Internal coordination

All national governments organise their own legislative processes differently, including intra-governmental administration and coordination. Existing research on national climate governance has not examined this issue in detail across all EU Member States yet. Relevant reports show individual national coordination arrangements (such as Germany's so-called "climate cabinet", established in 2018 as an ad hoc forum to get all relevant Ministers to coordinate) and some climate framework laws contain relevant provisions (e.g., in Finland), but many do not.<sup>74</sup> The revised Irish Climate Bill obliges government to report regularly to a Parliamentary committee, creating an opportunity for inter-institutional exchange.<sup>75</sup> A mapping of climate advisory bodies showed the existence of several relevant entities that include governmental representatives from multiple ministries.<sup>76</sup> Cross-sectoral coordination is arguable currently underexplored as a climate governance topic and may not be an established feature of many current arrangements. The issue warrants additional research.

### 2.2.7 Scientific advice

The above-mentioned mapping of climate advisory bodies also revealed a visible increase in dedicated independent scientific climate councils in Europe. In addition, there are several instances of scientific advisory bodies that focus on broader environmental issues but also cover climate policy.<sup>77</sup> Member States seem to have had good experience with this approach: essentially all EU countries that have adopted a climate framework law since 2015 include a form of scientific climate council. However, not all of these councils operate under the same conditions. Analysis of relevant factors shows that their effectiveness depends, among other things, on the specific mandate provided, whether the government is obliged to respond to their outputs as well as the resources available for scientific studies and for communicating them.<sup>78</sup> Moreover, smaller countries may face capacity issues, with their national scientific experts in high demand. A key challenge for these national bodies is the rapid development of EU policy, which affects national policy-making significantly. Moreover, an effective and efficient transition to climate neutrality is best done in coordination across countries and regions in Europe, and not focused solely on the options available within the confines of a single national economy. Advisors on national climate policy also need to look at neighbouring countries for this reason—implying a need for information and exchange across the EU.

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<sup>73</sup> France is one of those countries that have already developed a complex indicator set for this purpose.

<sup>74</sup> Duwe, Matthias and Evans, Nicholas (2020): *Climate Laws in Europe: Good Practices in Net-Zero Management*. Berlin, Den Haag.

<sup>75</sup> Duwe, Matthias and Nick Evans (2021): *Professionalizing Climate Policy via Legislation: Good Practices in Long-Term National Climate Framework Laws*. Policy Paper Series "Shaping the Transition to a Low-Carbon Economy: Perspectives from Israel and Germany". Israel Public Policy Institute and Heinrich Böll Foundation Tel Aviv, p. 21.

<sup>76</sup> Evans, Nick and Matthias Duwe (2021): *Climate governance systems in Europe: the role of national advisory bodies*. Ecologic Institute, Berlin; IDDRI, Paris. <https://www.ecologic.eu/18093> - last accessed 31 January 2022

<sup>77</sup> Ibid.

<sup>78</sup> Ibid.

## 2.2.8 Public participation

The Aarhus Convention and related EU legislation make certain minimum standards on public participation legally binding—and Member States have their own provisions and practices for consultations. Several have dedicated stakeholder advisory bodies.<sup>79</sup> Moreover, the GovReg obliges the creation of multilevel dialogues on energy and climate policy (although this function can be fulfilled by existing national stakeholder consultation processes). NECP development in 2018 and 2019 did not always allow for meaningful engagement.<sup>80</sup> Meanwhile, several Member States have experimented with new tools for public participation, such as citizen assemblies for climate.<sup>81</sup> Their experience may provide valuable insights for a more permanent and engaging inclusion of public participation in national climate policy-making.

### *Status quo assessment and recommendation of national climate governance in the EU*

**Minimum standards for national climate governance systems have been raised by the GovReg** and will be further strengthened by the implementation of the ECL. The changes coming with the increase in the EU's 2030 targets and the decisions on the "Fit For 55" package will force further adjustments in national climate policy. Public and political support may be growing but remain country-specific and can change with electoral cycles, making robust governance systems essential. Many Member States have refined and strengthened their own national systems since the adoption of the Paris Agreement. It could be argued that the adoption of the ECL represents an instance of upward policy learning, from the national to the supranational level, following the recent development of more robust governance systems in legal form at the national level. Moreover, all Member States have created new capacity and adjusted their systems to implement the new elements brought about by the GovReg. The lessons learnt by them should find their way back to Brussels.

The following items stand out in the cursory analysis provided in this chapter:

- ▶ **Targets:** National long-term targets are not necessarily aligned with the EU climate neutrality objective yet (and no dedicated assessment of this issue exists at the time of writing). An update to the EU LTS update could include this information and analyse its implications—as part of a dialogue with Member States on how to achieve the long-term target collectively. Further precision on all Member States going towards climate neutrality and net negative emissions could be enforced also through EU legislation by making it mandatory for Member States to set such targets.
- ▶ **Strategies:** National LTSs need attention and support. NECPs and LTSs are very likely misaligned due to the mismatch in timing. LTSs should be revised alongside NECPs or be finalised in an integrated planning process. And they need to be given more attention and visibility by European institutions, especially the European Commission, to be empowered vis-à-vis their shorter-term planning siblings.
- ▶ **Policy:** NECPs need to be improved in the information they provide and must take account of the long-term goal more acutely. NECPs should be based on the same analysis of pathways and options that inform national LTSs. Updates and reports should be based on parameters

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<sup>79</sup> Ibid.

<sup>80</sup> See footnote 72

<sup>81</sup> The Knowledge Network On Climate Assemblies (KNOCA), founded in May 2021, gathers relevant literature on climate assemblies at <https://knoqa.eu/> - last accessed on 21 September 2021

and indicators that can track progress towards climate neutrality and ensure policy consistency. The NECP update process for 2023-2024 is crucial in this regard.

- ▶ **Progress:** Member States also need to update their monitoring processes to be able to track the transformation to climate neutrality. A coordinated EU methodology as a common basis would be welcome in this regard.
- ▶ **Coordination:** The benefits of a cross-ministerial coordination on climate action may not be realised at present—but there is little information on this aspect. Additional research could shed further light on the matter.
- ▶ **Advice:** Member States have shown the way and pioneered the establishment of scientific advisory bodies dedicated to climate action. More Member States should realise the benefits to policy-making and accountability that they can bring and take advantages of lessons learnt regarding the conditions that make them effective institutions.
- ▶ **Participation:** Improvements to national practices are needed in some Member States.<sup>82</sup> The experience of national climate assemblies may provide valuable insights for more direct citizen engagement.

While many of the existing gaps or weaknesses can be remedied at the national level, there are several specific instances in which a change in EU legislation can make a difference. A revision of the GovReg could enhance the templates, make more information mandatory, improve public participation and introduce a methodology for assessment based on net zero indicators—facilitating the alignment of planning processes for 2030 and 2050. It could also further enhance common standards and mandate a dedicated national long-term target to be set by each Member State—in line with the collective goal of net zero emissions and net negative thereafter. The Commission’s new role under the ECL checking Member State policy consistency with the collective climate neutrality goal may enhance short- and long-term coherence but the strength of this process remains to be seen.

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<sup>82</sup> The need for a revision of the Governance Regulation to improve the NECPs is also the conclusion reached by civil society experts that formed the PlanUp project: LIFE PlanUp (2021) Fit for Flop/55: Lessons from the National Energy and Climate Plans to achieve a climate-neutral Europe. Available from <https://www.planup.eu/en/resources> - last accessed on 21 September 2021

## 3 Conclusions: focus on key processes to address weak spots for net zero governance in the EU

### 3.1 Key processes to be addressed – and what to fix

EU climate governance has been expanded and strengthened since the adoption of the Paris Agreement—and at a remarkable speed. The legal framework has been expanded; the European Green Deal has been widely embraced as a positive forward-looking narrative and has become tangible in the political support for higher targets.

However, the assessment of the status quo through the lens provided by the eight governance parameters reveals important gaps and shortcomings to address. Long-term planning is not integrated into the governance system, and a plethora of thematic strategies is not well connected at an overarching level. Policy review cycles are regular but not based on broad dialogue and do not amount to an EU level equivalent of the NECPs for Member States. There is no comprehensive oversight over how and with which policies the EU will reach climate neutrality. NECPs and national LTSs are disconnected and may not be aligned.

All of these weaknesses create the **risk that near-term policy-making is not sufficiently informed by the climate neutrality goal.**

The analysis has also identified other areas of improvement that are of a more structural nature, such as the potential to enhance coordination inside and between EU institutions on the European Green Deal or a more permanent stakeholder dialogue dedicated to climate neutrality.

An immediate place to address some of these issues are the ongoing “Fit For 55” negotiations. And some of the shortcomings could be addressed as early as 2022. However, one essential law, the Governance Regulation (GovReg), is not included in the package. In addition to the “Fit For 55” negotiations, there are other upcoming milestones and processes in 2023 and 2024 that are key to success on climate neutrality and that could be used as windows of opportunity to pinpoint existing shortcomings.

- ▶ In **March 2023**, national progress reports on NECP implementation are due (format to be adopted still by delegated act).
- ▶ In **June 2023**, draft NECP updates are due, which need to be able to meet higher 2030 targets and should be better than the first set—final updates due a year later.
- ▶ In **September 2023**, the Commission must present the first assessments regarding progress towards climate neutrality and policy consistency as established under the EU Climate Law. It will provide an initial answer to the question: “are we doing enough” to get to net zero?
- ▶ By **Mid-2024** at the latest (= six months after the Paris Agreement’s Global Stocktake), the next review cycle of legislation and the proposal for the EU’s 2040 target are due, plus the indicative EU carbon budget. The next package is thus looming on the horizon while the current one is being negotiated... It should look both beyond 2030 and beyond net zero.
- ▶ By the **end of 2024**, national long-term strategies should be updated (Article 15.1 GovReg). Some Member States have already started; others have yet to submit their first strategy.

### 3.2 Priority actions to make EU climate governance “fit for net zero”

In considering these key processes, and based on the analysis of the existing governance landscape, the following actions would make climate policy more “fit for net zero”. They are **priority actions from a longer list of possible enhancements** to address the room for improvement identified in the analysis contained in this paper

- ▶ **Revising the GovReg to enhance NECPs and national LTSs**, align them better, empower LTSs and clarify national long-term targets. Changes should also include the use of net zero indicators in the reporting framework (and for use in the drawing up and assessing of the planning documents). Updates to the EU LTS could be made mandatory in the GovReg. Moreover, it should specify access to justice at national level concerning both NECPs and LTSs.
- ▶ **A transparent process for the development of a comprehensive methodology** for climate neutrality tracking and policy consistency, with net zero indicators that can also be used for NECP and LTS assessment—and to inform the national progress reports.
- ▶ **An update to the EU LTS** to inform the 2040 target proposal and the analysis on the next policy package in 2024—and to coordinate the various parallel thematic strategies.
- ▶ **A dialogue with Member States** on where EU policies are needed most on the path to climate neutrality that feeds into the next policy revision package and the 2040 target proposal, but also gives visibility to national long-term strategies.

The EU LTS analysis and the dialogue with Member States would inform the next policy package and help shape an EU-level policy overview for how to get to climate neutrality (“NECP style”). The update to the EU LTS would also strengthen the importance of LTSs at national level and underline the need to chart a path into the future that policies then should turn into reality. The EU LTS should become a central part of a regular and continuous cycle of planning, policy-making, implementation and progress monitoring.

In parallel, broader engagement processes with stakeholders will be needed that could learn from the ECCP experience of the start of the century and be an actual exchange of ideas. At the same time, public participation options for citizens also need to be enhanced through a possible expansion of the EU Climate Pact.

**THE EU LTS SHOULD BECOME A CENTRAL PIECE OF A REGULAR AND CONTINUOUS CYCLE OF PLANNING, POLICY-MAKING, IMPLEMENTATION AND PROGRESS MONITORING.**

An unknown quantity in this overall setting is the role of the new European Scientific Advisory Board on Climate Change and how it will insert itself into the processes mentioned above. It certainly has the potential to both raise and start to address some of the shortcomings mentioned here (climate neutrality progress monitoring, need for an EU LTS update, ...). In addition to supporting the evidence base for EU climate policy processes, it may also decide to act as a watchdog on the effectiveness of the overall landscape and the delivery of the various processes that are led by the European Commission.

### 3.3 Check your agenda: a timeline for enhancing EU climate governance

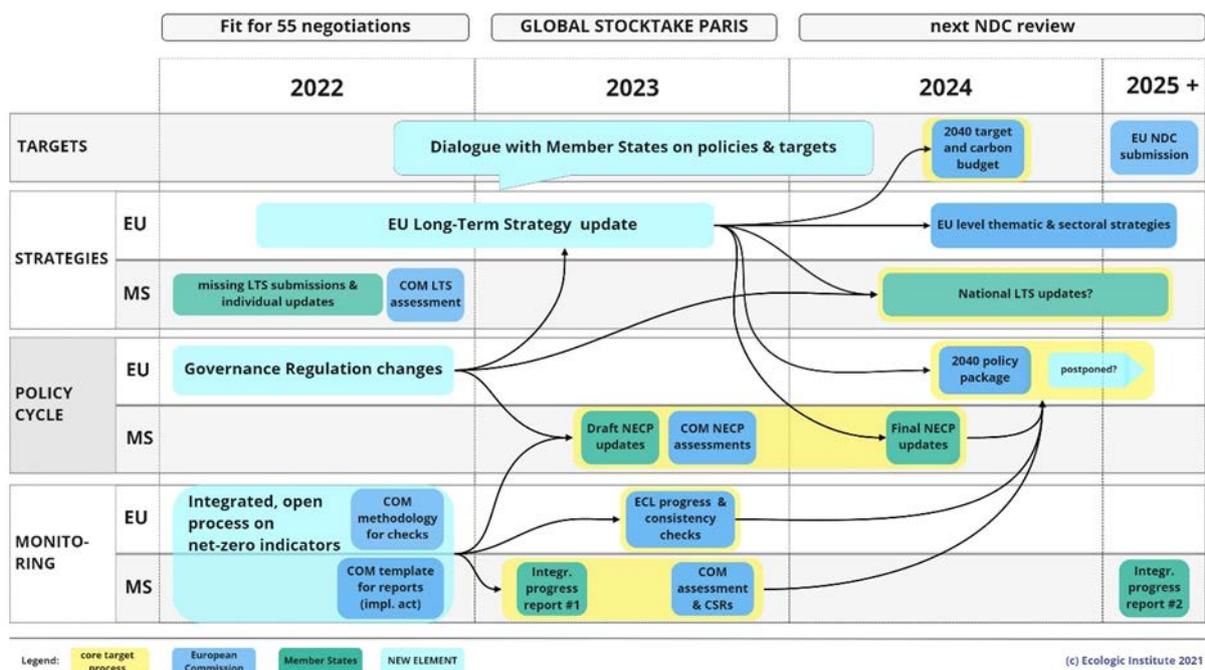
The timing of improvements is essential for making a tangible impact. Most pressing, a revised proposal for the GovReg would be needed in early 2022 to be able to inform NECP updates for mid-2023. The decision to omit this legislation from the “Fit For 55” package should be overturned. Alternatively, individual amendments could be made via laws in the package.

The progress monitoring methodology would also need to be developed starting in early 2022 to be able to inform national reports in March 2023 and the NECP updates mid-2023. For both documents, Member States need significant preparation time.

The indicators could also inform an EU LTS update, which would need to happen in 2023 as a basis for the 2040 target proposal and the review of the existing legislation. The dialogue on the next package and the future EU target should happen in 2023 and 2024, as Member States are updating their existing plans and their LTSs.

The Figure 2 below tries to visualise these processes and their connections, especially the way in which the suggested changes would interact with the milestones already set in the ECL and the GovReg.

**Figure 2: Timeline of key EU climate governance processes 2022-2025**



Source: visualization by the author

The work programme of the European Commission on climate policy in the next 2-3 years is already significant and timing is tight. Suggestions for changes or potential additions should thus create synergies or reduce workload elsewhere. The recommendations could create the following benefits:

- Improvements to the NECP process via a revised GovReg will enhance NECP quality, which can reduce effort required later in NECP assessments and progress monitoring.

- ▶ A methodology for climate neutrality tracking needs to be developed anyway under the ECL. Making this an open process will make it easier to use it for a variety of purposes, which facilitates comparability and saves resources.
- ▶ The 2040 target proposal and the review of the policy toolbox need similar analyses and information to that which would be needed to update the EU LTS, and there would be significant synergies from an integrated approach.

Amendments could be created also through the “Fit For 55” negotiations as a shortcut, i.e., through the review of the Effort Sharing Regulation. And as the timing for the extensive analysis needed for the next policy review may be too tight (considering the need for changes being negotiated now to take effect and show results) the date could be pushed back by 6-12 months. A new “post-2030” package in 2025 would also leave time for a political decision to be had on the EU’s carbon budget and the 2040 target first.