



WWF

BRIEFING  
PAPER

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# WWF recommendations on InvestEU

The Commission's legislative proposal establishing the InvestEU programme needs to be improved on two complementary issues:

- Its climate target is too low and not consistent with the European Green Deal as climate-only;
- Its 'do no harm' approach is not clear and robust enough and needs to be clarified and completed.

This briefing provides concrete recommendations to address these shortcomings.

## **The present briefing provides WWF analysis and recommendations on the Commission's legislative proposal establishing the InvestEU programme<sup>1</sup>.**

As mandated by the European Council, the Commission published a package for the MFF 2021-2027 and Next generation EU. It has repeatedly stated, at the highest level, that the European Green Deal will be the 'motor of Europe's recovery' and that the recovery should drive the green and digital transformation of the economy. We were also encouraged by the many appeals for green recovery that have blossomed across Europe, e.g. by [19 EU governments](#), [Members of the European Parliament](#), [the Club of Rome](#), [scientists](#), [NGOs](#), [200 representatives from business and politics](#), [energy companies](#), and many more.

### **WWF, as part of the Green 10, issued a letter to the Commission early May 2020, calling it to notably integrate the following demands in this package:**

- The Commission should propose a higher, 50% climate and environment spending target for the MFF 2021-2027, InvestEU and the EU recovery fund;
- The 'do no harm' requirement should apply to the whole package and lead in particular to the exclusion of new projects of fossil fuel production, processing, transport, distribution, storage or combustion and to the exclusion of unsustainable farming practices as well as deforestation;
- The EU taxonomy is very relevant to improve climate and environmental spending, and should be applied for its target setting and tracking for programmes in the EU.

### **The present briefing highlights two priorities for InvestEU:**

- **'Doing good': clarifying the climate (and environment) target and tracking;**
- **Ensuring a 'do no harm' approach.**

# 1. 'Doing good': improving the climate (and environment) target and tracking

## **1. Set a more ambitious InvestEU climate and environment target**

Positively, the Commission tabled a specific 60% climate and environment target for the sustainable infrastructure policy window (Art 7.6). While it should be increased, it is relevant that this target includes both climate and environmental issues.

### **However, inconsistently with this specific infrastructure target, InvestEU suffers three flaws about its overall environment spending target:**

- The overall 30% climate target of InvestEU is mentioned in a recital only (Recital 10), which makes it legally very weak<sup>2</sup>. **This is not consistent with the regulation establishing the European Fund for Strategic Investment**

<sup>1</sup> COM(2020) 408 final.

<sup>2</sup> Recital (10): *Reflecting the importance of tackling climate change in line with the Union's commitments to implement the Paris Agreement on Climate Change and the SDGs, the InvestEU Programme will contribute to mainstream climate actions and to the achievement of an overall target of 25 % of the Union budget expenditures supporting climate objectives. Actions under the InvestEU Programme are expected to contribute 30 % of the overall financial envelope of the InvestEU Programme to climate objectives. Relevant actions will be identified during the InvestEU Programme's preparation and implementation and reassessed in the context of the relevant evaluations and review processes.*

**(EFSI), – the predecessor of InvestEU, currently amended to create the Solvency Support Instrument**, in which the target sits in the Article 9 on ‘requirements for the use of the EU guarantee’.

- The figure itself is too low and, in particular, inconsistent and not commensurate with the forthcoming new, higher 2030 climate target in the Climate law. As a matter of comparison, the European Investment Bank already agreed a 50% climate and environment target. According to Climate Action Network Europe’s assessment, in order to reach 50% of climate and environment spending in the whole EU Budget, InvestEU should reach 60% specifically. The specific target for the sustainable infrastructure window should be increased accordingly.
- **Such a ‘climate-only’ target is not consistent the European Green Deal** that has a broader environmental reach with the Biodiversity Strategy, the Farm to Fork strategy, the new circular economy Action Plan, etc. It should be noted that the EU taxonomy will enable to track spending for various environmental objectives, beyond climate (see point 2 below), making it feasible to identify spending to various environmental objectives.

It is therefore necessary to substantially improve and increase the target and introduce it in Article 7 on the policy windows. The target in Recital 10 should then be amended accordingly.

## **2. Use the EU taxonomy to track climate and environment spending**

The EU taxonomy could and should become the most relevant tool to track climate and environment spending in a robust way. It is mentioned in the regulation but in a vague and weak way in Recital 11<sup>3</sup>.

In its recent ‘Climate Bank Roadmap 2021-2025’, the European Investment Bank commits explicitly: *“5.12 The EIB Group intends to start tracking its new climate action and environmental sustainability ambitions starting in January 2021, building on past experience and the existing guidance provided in the context of the EU Taxonomy to date”*.

Clearly, if the EIB is able to use the taxonomy to track its climate and environmental targets, it confirms that the EU taxonomy can also be used for the entire MFF and InvestEU.

The regulation should therefore be amended for clarity.

### **WWF recommendations**

- **Upgrade the 30% climate target from Recital 10 to a 60% climate and environment target in Article 7 on the policy windows, tracked with the EU taxonomy.**
- **Increase the specific sustainable infrastructure target accordingly from 60% to 100%.**

<sup>3</sup> Recital (11): *The contribution of the InvestEU Fund to the achievement of the climate target will be tracked through a Union climate tracking system to be developed by the Commission in cooperation with potential implementing partners, appropriately using the criteria established by [Regulation on the establishment of a framework to facilitate sustainable investment<sup>25</sup>] for determining whether an economic activity is environmentally sustainable. The InvestEU Programme should also contribute to the implementation of other dimensions of the SDGs.*

## 2. Ensuring a ‘do no harm’ approach

**Positively, the green oath to ‘do no harm’ from the European Green Deal is partly integrated in the Commission’s proposal in Article 7 and Annex 5. However improvements are needed in both to ensure consistency and robustness.**

### 1. Improve the Article 7 on ‘do no harm’ guidelines

Articles 7.3 and 7.4 state that the Commission will develop sustainability guidance to ensure that projects are subject to climate, environmental and social sustainability proofing with a view to minimising detrimental impacts and to maximising benefits to the climate, environment and social dimensions.

**Problematically, the Article 7 does not refer to the EU taxonomy**, which is a largely science-based, robust and granular EU tool that is very well suited to help set up ‘do no harm’ guidelines and ensure that InvestEU will support the activities with the lowest possible impact in high-carbon and/or other environmentally risky sectors. An amendment is necessary.

The do no harm guidelines are also missing a deadline in the regulation.

### 2. Improve the Annex 5 on excluded activities

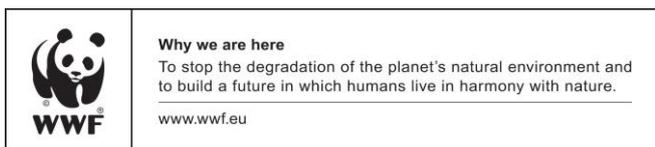
Annex 5 (B) on excluded activities is not consistent with other EU funding regulations, and does not refer to the EU taxonomy to identify activities to support.

- Most importantly, the Point 12, referring to fossil fuels, is worryingly weak: it does not ban fossil fuels. This is in contradiction with the EU 2050 net-zero climate neutrality goal. It is also not consistent with two other MFF regulations which have a tighter exclusion scope: the regulation establishing the Just Transition Fund] (Article 5) and the regulation on the European Regional Development Fund and on the Cohesion Fund (Article 6);
- The Annex V does not include a provision on airport infrastructure while it included in the Article 6 of the regulation on the European Regional Development Fund and on the Cohesion Fund;
- The Annex V does not include a provision on capacity expansion of motorway infrastructure.

Annex 5 should therefore be amended.

#### WWF recommendations

- **Article 7 should refer to the EU taxonomy for developing granular ‘do no harm’ guidelines.**
- **Annex 5 should exclude fossil fuels (including gas), airport infrastructure and capacity expansion of motorway infrastructure.**



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