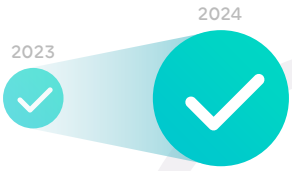
Governance

On track

Governance refers to the institutions, procedures, and frameworks used by governments to manage and guide policy-making and foster societal buy-in for the transition to climate neutrality.

4.11 Governance



Climate governance refers to the tools used by governments to manage policy-making and foster societal buy-in to the changes needed on the path to climate neutrality. More so than other building blocks, the assessment of progress on climate governance included Member State (MS) specific data and developments.

Past progress: Overall, the governance building block remained on track, with no change in the progress classification compared to last year's report. The introduction of five new indicators this year added analytical depth but did not change the overall outlook. This cautiously optimistic assessment is based on continued positive trends in the growth of frameworks and institutions at national level, such as climate laws and scientific advisory bodies. The increased use of green budgeting by MS and the sectoral expansion of strategic climate planning at EU level signify efforts towards a consistent, all-of-government approach. However, shortcomings in the implementation of key governance mechanisms risk hindering future efforts if left unaddressed. Among these are inadequate fulfilment of EU planning and reporting requirements, both in terms of substance and timeliness; underused and undeveloped long-term strategies; limited national ownership of robust progress monitoring tools; and a lack of transparency on the effectiveness of participation in climate policy-making. Public awareness of climate change and support for government action remained high over the period assessed, but survey data also showed a lack of confidence in national measures. Indicators further revealed little growth in subnational support as evidenced by a slowdown in new signatories to the Covenant of Mayors and only marginal uptake of robust net zero targets by large EU companies.

Policy context: Climate governance in the EU is defined by a combination of policies directed at EU institutions, EU-level obligations on MS, and the strength of national systems themselves. All three have been further expanded and specified over the period from 2019 to 2023. The 2021 EU Climate Law outlines an all-economy framework for target-setting and monitoring progress at EU level, and the Governance Regulation (GovReg) adopted in 2018 includes a range of common national governance requirements related to planning, reporting, and participation, which integrate various energy and climate policy aspects. Also relevant, the Aarhus Regulation enshrines standards for access to information, access to justice, and public participation in climate policy at both EU and national levels. It was revised in 2021 to substantially widen the scope of EU decisions subject to internal review as well as scrutiny by NGOs and individuals. These policies coupled with the rapid build-out of legal frameworks and institutions at national level form a promising foundation for managing the net zero transition – but this comes with an important caveat. To ensure effective climate policy-making, existing frameworks and governance instruments must be implemented to their full potential. At the same time, high-profile conflicts, such as the debate surrounding Germany's phase-out of fossil-fuel heating and farmer protests across Europe, point to growing politicisation of climate issues and underscore the need for increased governmental attention to inclusive and meaningful participation by stakeholders and the public.

Areas of action: Considering advancements in the overall legal framework, the robust implementation of existing EU requirements is of particular importance. This includes the development of timely and sufficiently detailed long-term strategies (LTS), actionable national energy and climate plans (NECPs), comprehensive biennial progress reports (NECPRs), and permanent multi-level climate and energy dialogues as well as meaningful participation in the creation of plans. EU-level policy action could consider dedicated support to MS for implementation, further specification of the legal requirements, and stricter follow-up to ensure adherence. Overall, EU and national climate governance should re-emphasise the importance of long-term planning, ensure NECP and LTS alignment, both structurally and in practice (not just on paper), and provide a clear vision of what net zero means at the EU level and in each national context. Better practice on stakeholder and public participation in climate policy and transparency on the effectiveness of consultations serve to boost public and political support. Notably, the 2024/2025 review and potential revision of the GovReg and EU Climate Law offers a window of opportunity to streamline and improve the governance system further and strengthen implementation.

Table 24: Progress on governance towards the objective and enablers

OBJECTIVE	ENABLERS		
Establishing and implementing a comprehensive framework and fostering societal buy-in	Providing a clear vision and accountability	Ensuring a consistent, all-of-government approach	Promoting meaningful stakeholder and public participation
			

Note: Large circles show the progress classification of this year and small circles the one from last year's progress assessment. Arrows indicate positive or negative changes in classification. See Table 35 for further information.
Source: ©ECNO.

Table 25: Details on indicators' past progress and required change

2023 → 2024	Historical data			Required change	
	Time period	Relative change p.a.	Absolute change p.a.	Benchmark	Absolute change p.a.
OBJECTIVE: Establishing and implementing a comprehensive framework and fostering societal buy-in					
Adoption of climate framework laws at national level [% of EU GHG emissions covered] 	2018-2023 (Ecologic Institute, 2024; EEA, 2023b; Evans et al., 2024; GRI, 2023)	21% per year	9%-points per year	n/a	n/a
Thorough implementation of EU governance requirements at national level 	n/a multiple studies	n/a	n/a	n/a	n/a
Public support for and confidence in the transition to climate neutrality [% of EU population] 	2013-2023 (Eurobarometer, 2023b)	-0.9% per year	-0.8%-points per year	n/a	n/a

2023 → 2024	Historical data			Required change	
	Time period	Relative change p.a.	Absolute change p.a.	Benchmark	Absolute change p.a.
EU cities committed under the Covenant of Mayors [% of EU population]	2017–2022 (Covenant of Mayors, 2023; Eurostat, 2023h)	2% per year	0.8%-points per year	n/a	n/a
Science-based climate neutrality targets in large EU companies [number of companies]	2018–2023 (SBTi, 2023)	1129% per year	13 companies per year	n/a	n/a
ENABLER 1: Providing a clear vision and accountability					
Up-to-date and compliant long-term strategies (LTS) at national level [% of EU GHG emissions covered]	2018–2023 (EC, 2023y; Velten et al., 2022)	100% per year	10%-points per year	n/a	n/a
National progress monitoring that can trigger additional action [% of EU GHG emissions covered]	2018–2023 (Ecologic Institute, 2024; EEA, 2023b; Evans et al., 2024; GRI, 2023)	19% per year	6%-points per year	n/a	n/a
Independent scientific advisory bodies at national level [% of EU GHG emissions covered]	2018–2023 (Ecologic Institute, 2024; EEA, 2023b; Evans et al., 2024; GRI, 2023)	27% per year	9%-points per year	n/a	n/a
ENABLER 2: Ensuring a consistent, all-of-government approach					
Green budgeting practices at national level [% of EU GHG emissions covered]	2020–2023 (EC, 2023r; EEA, 2023b; OECD, 2020)	11% per year	4%-points per year	n/a	n/a
Up-to-date strategic climate planning at EU level [number of policy areas covered]	2018–2023 (EC, 2023n; GRI, 2023)	13% per year	1 building block per year	n/a	n/a
ENABLER 3: Promoting meaningful stakeholder and public participation					
Citizens' climate assemblies at national level [% of EU GHG emissions covered]	2018–2023 (EEA, 2023b; KNOCA, 2023)	32% per year	4%-points per year	n/a	n/a
Quality of public and stakeholder consultations on EU climate policy impact assessments [index 1-4]	n/a (RSB, 2022)	n/a	n/a	n/a	n/a

Note: Icons indicate progress classification of this year's progress assessment and coloured lines the change in classification; see Table 35 for further information. n/a indicates that data are not available. To control for year-to-year variation in emissions, shares are calculated from 2015 data and remain static over the period for using EU GHG emission coverage.

Source: ©ECNO.

Objective: Establishing and implementing comprehensive frameworks and fostering societal buy-in

Indicators:

- Adoption of climate framework laws at national level
- Thorough implementation of EU governance requirements at national level
- Public support for and confidence in the transition to climate neutrality
- EU cities committed under the Covenant of Mayors
- Science-based climate neutrality targets in large EU companies

Past progress: Progress towards the objective for Governance was found to be a mixed picture (see Table 24). From 2018 to 2023, the share of EU GHG emissions covered by national climate laws rose 21% annually, from 14% to 61%. However, this positive trend for overarching legal frameworks was countered by evidence suggesting the implementation of EU governance requirements at national level was far too slow, especially regarding the timeliness and quality of draft NECP updates. On societal buy-in, public awareness of climate change and support for EU climate neutrality remained on track at 83% in 2023. But another crucial message arising from the survey data was that 67% of EU citizens viewed their country's governmental action as inadequate. Progress on subnational and private sector support was found to be too slow. Signatories to the Covenant of Mayors for Climate and Energy by EU cities and towns, covered only 44% of the EU population in 2022, with marginal 2% annual growth from 2017 to 2022. In 2023, 26 or roughly 10% of EU companies on Fortune's Global 2000 list had a net zero target validated by the Science Based Target initiative (SBTi). This was up from one in 2021 (when the standard was launched), and although the spread of corporate net zero targets is likely to pick up in the coming years, it still represented only a fraction of large European businesses.

Policy context: Legal frameworks help manage the transition by enshrining objectives and institutional means to meet them (Averchenkova et al., 2024; Dubash et al., 2021). While the EU Climate Law provides a Union-wide foundation for climate neutrality, laws have also spread at a national level, with new efforts and revisions in Bulgaria, Estonia, Latvia, the Netherlands, Romania, Slovenia, and Slovakia indicating continued momentum (Duwe & Evans, 2020; Ecologic Institute, 2024). Still, frameworks on paper are insufficient if they do not lead to the implementation of robust governance practices. In 2023, many EU countries were late submitting draft NECP updates, and the assessment of the 21 available plans found ambition gaps and missing clarity on socio-economic impacts (EC, 2023g). Further deficiencies include: internal inconsistencies on issues, such as bioenergy and residual emissions (ECNO, 2024c); overlooked territorial and distributional effects (Kögel, 2024; Niewitała-Rej, 2023); variable information quality (CAN-E, 2023; Duwe et al., 2019); and weak public engagement (Didi et al., 2023; EEB, 2023b, 2023a; Energy Cities, 2020). Only eight countries met the March 2023 deadline for the submission of the first NECPRs (EC, 2023d). Together these weaknesses in implementation may result in an incomplete information base and thus impact the validity of the EU's own monitoring.

Areas of action: Achieving EU climate neutrality requires national ownership of the transition (Kulovesi et al., 2024). Gaps in implementation at the national level could be addressed by ensuring timely and sufficiently detailed national planning and reporting submissions to the EU and their transparent review (ESABCC, 2024; Oberthür et al., 2023). Refining NECP/LTS submission templates and further guidance on making planning tools consistent with net zero could enhance the alignment between short- and long-

term planning (Duwe et al., 2022; ECNO, 2024a; Evans et al., 2023; Velten et al., 2022). Finally, renewed attention to meaningful participation (see also Enabler 3) could galvanise societal support and pre-empt the growing politicisation of climate issues in EU society by boosting the perceived fairness and legitimacy of state actions (Bergquist et al., 2022; Fisher et al., 2022).

Enabler 1: Providing a clear vision and accountability

Indicators:

- Up-to-date and compliant long-term strategies (LTS) at national level
- National progress monitoring that can trigger additional action
- Independent scientific advisory bodies at national level

Past progress: Progress towards establishing a clear vision and accountability mechanisms for reaching climate neutrality was too slow in the period assessed. In 2023, only 43% of EU GHG emissions were covered by an up-to-date LTS at the national level that was fully compliant with the mandatory content requirements set in EU law. While many MS have a system for monitoring progress that goes beyond EU obligations, commonly in the form of an annual report, mechanisms with a built-in course correcting provision (a so-called 'action trigger') were limited to only five countries. Positive developments in the spread of scientific advisory bodies include a new institution in Slovenia and a new legal provision for mandated policy input by the existing council in Greece. Although, six national independent scientific advisory bodies were established between 2018 and 2023, delayed implementation, e.g., in Spain, points to difficulties in getting some new institutions operational.

Policy context: The GovReg enshrines several common national governance requirements that serve as 'baseline' standards for planning and progress reporting in MS. Still, non-compliance and delays underscore shortcomings, especially on long-term planning. Poland has yet to officially submit an LTS and over a third of strategies fail to cover the mandatory content outlined in Article 15.4 of the GovReg. Information commonly missing includes detail on removals and sectoral pathways, a lack of clarity on socio-economic impacts, and investment needs (Velten et al., 2022). The Czech and German strategies pre-date the GovReg and thus are out-of-date, and soon even LTSs submitted in 2020 may be too old to serve as valid national blueprints for the net zero transition. This presents a risk as not all countries plan to follow the optional five-year cycle for updates (Evans et al., 2024). Article 15.6 of the GovReg requires national LTSs to be consistent with EU-wide climate neutrality, which could result in stronger strategies in the future. However, it is unclear how countries are supposed to check for this, due in part to the lack of an updated EU LTS, which would lay out what climate neutrality means across the EU economy and thus serve as a benchmark for assessing the consistency of national strategies (Duwe, 2022). On scientific advice, the EU Climate Law invites MS to adopt independent advisory bodies, and the EU's own institution, the EU Scientific Advisory Board on Climate Change (EU Advisory Board) has recommended these be made mandatory at the national level (ESABCC, 2024).

Areas of action: Moving forward, EU governments would benefit from (re)emphasising the importance of regular updates to a long-term vision for climate neutrality – as recognised at international level in the Glasgow Climate Pact under the Paris Agreement. Moreover, the continued spread of independent scientific advisory bodies and dedicated national monitoring mechanisms could help ensure the scientific robustness and accountability

of policies in countries that do not have these in place already. Potential areas of action include more frequent updates and a review process for LTSs (as for NECPs), as well as technical capacity building at national level (Duwe, 2022; ESABCC, 2024; Oberthür et al., 2023). National progress monitoring could benefit from greater transparency at the EU level, especially on the consistency of national measures with EU climate neutrality (per Art. 7 of the EU Climate Law), which was omitted from the EC's 2023 report (ECNO, 2024a). Scientific advisory bodies should be equipped for impact via mandated policy input, adequate resources, and a legal requirement for government to respond (Averchenkova et al., 2018; Evans & Duwe, 2021). The EU Advisory Board could play an important role in this context by encouraging the uptake of good practice and engaging with national counterparts. Short of requiring countries to adopt scientific advisory bodies, national climate planning could be improved through EU guidance or support to implement an 'independent scientific review', e.g., by national universities or research organisations.

Enabler 2: Ensuring a consistent, all-of-government approach

Indicators:

- Green budgeting practices at national level
- Up-to-date strategic climate planning at EU level

Past progress: This year's assessment introduces new underlying indicators on national green budgeting and EU-level strategic climate planning. Green budgeting tools help align public spending with climate objectives, while strategic climate planning mainstreams a vision for climate neutrality across sectoral and cross-cutting policy areas. Indicator data suggested that the EU and MS were **on track** towards a consistent, all-of-government approach to the climate neutrality transition. EU GHG emissions coverage from countries using green budgeting rose from 37% in 2020 to 50% in 2023, a 11% annual growth rate. Additionally, the EC's strategic planning for key policy areas advanced, adding an average of one new policy area (i.e., ECNO building block) per year from 2018 to 2023.

Policy context: The transition to climate neutrality encompasses the full economy and thus requires a consistent, all-of-government approach to align decision-making. While the 2018 GovReg brought about the closer integration of climate and energy policy, the European Green Deal can be seen as the culmination of years of climate policy integration (CPI) in the EU, positioning climate neutrality as a guiding objective across all EU policy areas (Oberthür & Von Homeyer, 2023). Consequently, additional mechanisms were established through the EU Climate Law to further enhance integration, such a requirement for the EC to assess the consistency of existing EU and national measures with climate neutrality, as well as the consistency of all new EU measures (EU Climate Law, Art. 6 and 7). These assessments could help safeguard an all-of-government approach, but they are infrequent (every five years) and lack transparent reporting, which could limit their effectiveness in practice (Evans et al., 2023). The first ex post assessment of existing measures was due in 2023 but did not result in a publicly available report, and in 2022, only 57% of relevant impact assessments for new Union measures performed the required check for net zero consistency (RSB, 2022, tbl. 3). On green budgeting, the EU has dedicated EUR 670 billion (in 2022 prices) to the transition, requiring at least 30% of public spending flow into climate (see also 4.9). The Sustainable Finance Strategy and Taxonomy provide guidance on aligning spending (EC, 2021d), and the EU Green Budgeting Reference Framework (GBRF) promotes the widespread adoption of

national green budgeting as a tool for mainstreaming of climate in public finance (EC, 2022e). The GBRF evaluates progress using a tiered development system, offers guidance on best practices, and facilitates exchange between MS. In 2023, 12 countries already employed green budgeting, with Cyprus, Czechia, Lithuania, Romania, and Slovenia intending to adopt practices in the future (EC, 2023r).

In parallel, strategic climate planning at the EU level was strengthened over the period assessed. In 2023, some form of EU strategy focused on climate had been published for 10 of ECNO's 13 sectoral and cross-cutting policy areas, or building blocks, of a climate neutral future. Among those policy areas missing a comprehensive EU strategy for the transition were just transition, lifestyles, and governance. Industry, buildings, CDR, finance, and external action were evaluated as 'partially' covered, with existing policy plans lacking information on important aspects of the transition in each respective policy field. Notably, the EU Carbon Management Strategy published in early 2024 and thus omitted from the current analysis, is a sign of further progress on CDR-related strategic planning.

Areas of action: The continued elaboration of strategic planning at the EU level across all relevant policy areas facilitates consistency, but strategies and plans need to be updated regularly to account for economic and technological developments. Moreover, sectoral policy planning alone does not guarantee an integrated approach. Regular updates to the EU LTS would not only provide an opportunity for dialogue, engaging all relevant areas of the economy, but also a top-down vision for climate neutrality to serve as guidance for NECP and national LTSs (Duwe, 2022). The new consistency mechanisms under the EU Climate Law are a promising tool to align policies at both the EU and national levels, but enhanced transparency in reporting could ensure impact. At the national level, analysis by ECNO showed that MS should pay closer attention to sector interactions to ensure internal consistency in NECPs (ECNO, 2024c). On green budgeting, technical capacity shortages identified by national officials call for increased training and support (EC, 2023r).

Enabler 3: Promoting meaningful stakeholder and public participation

Indicators:

- Citizens' climate assemblies at national level
- Quality of public and stakeholder consultations on EU climate policy impact assessments

Past progress: Progress towards meaningful public and stakeholder participation was found to be partially on track but difficult to assess, with no change from the previous assessment. From 2018 to 2023, six national climate assemblies were convened in countries covering roughly 21% of EU GHG emissions (KNOCA, 2023). The Irish assembly, which ran from 2016 to 2018, was omitted from analysis for being older than five years. Despite the low number, this represents a positive on track trend given the novelty of these institutions in the EU. While all assemblies included in the analysis came with a clear mandate, only half saw a governmental response or had an outreach and communications strategy (see Rovers & Dejaeghere, 2022). Moreover, the degree to which EU MS will continue to pursue assemblies is unclear, as is the extent to which they will be integrated into governance systems with any regularity. To date, all national examples have been one-off occurrences. As with last year's report, the quality of stakeholder consultations on climate policy impact assessments at the EU level was not

possible to measure due to data gaps in 2016 and 2019 and the absence of detailed data on consultation quality, which is bundled with a broader evaluation of the information base (for more detail see ECNO, 2023). Furthermore, a lack of distinction between policy areas means it is not possible to know if trends are unique to climate measures. Nonetheless, the EU Regulatory Scrutiny Board has singled out the 'unbalanced inclusion of stakeholder feedback' as a shortcoming in the implementation of impact assessments generally (RSB, 2022).

Policy context: Frequent, early, and effective participation in climate policy decisions is a crucial enabler for societal buy-in and consensus on climate neutrality. At the EU level, Article 9 of the EU Climate Law obliges the EU to engage 'all parts of society' by leveraging national processes as well as the European Climate Pact for ongoing engagement with stakeholders at national and local levels (EC, 2020i). However, it stops short of requiring any specific actions. At the national level, the GovReg requires MS to conduct public consultations during the development of their NECPs and LTS (Article 10) and calls for the establishment of permanent 'multi-level climate and energy dialogues' (Article 11). Both the EU and its MS are party to the Arhus Convention, and the Arhus Regulation, amended in 2021, establishes standards for public participation and access to information on environmental policy-making. Despite these policies, studies point to weak practices at the national level (Didi et al., 2023; Duwe et al., 2019; EEB, 2023a; Velten et al., 2022), and others have raised concerns over transparency, citing a lack of reporting detail on the implementation of the multi-level climate and energy dialogues (Faber et al., 2024). In 2022, the EU itself recognised the need to improve the implementation of Aarhus rights (EC, 2022b). In short, the indicators used in ECNO's assessment present only a narrow picture, and while evidence points to the need for improvements, data limitations make a more comprehensive assessment challenging.

Areas of action: Effective and ongoing public and stakeholder engagement takes time and resources. Improving national implementation may require additional funding and capacity building. More detailed and transparent national reporting on the effectiveness of existing practices could help pinpoint areas for targeted EU support. From a policy perspective, observers have called for the anchoring of Aarhus rights more concretely in the GovReg (Robert, 2023) and expanding the role of the multi-level dialogues to promote better national practice (Oberthür, 2024). The EC could also provide more concrete follow-up and engagement with MS on how they implement these mechanisms. All channels for public engagement should be designed and organised for impact with adequate political attention to follow up, otherwise these risk being dismissed as 'citizen-washing' (EEB, 2022). Finally, the quality of EU-level consultation processes is unclear due to data constraints, indicating a need for improved reporting and transparency on their effectiveness.