



Rialtas na hÉireann
Government of Ireland

Spending Review 2021 – Non-Exchequer Funds under the Aegis of the Department of the Environment, Climate and Communications

Josh Lernihan

Department of Public Expenditure and Reform

November 2021

Spending Review 2021 – Overview, Aims & Objectives



Overview

- The Department of the Environment, Climate and Communications (DECC) is responsible for Government policy in relation to climate change mitigation and adaptation and the protection of the environment. The Department has responsibility for three non-Exchequer Funds in these areas:
 - *The **Environment Fund (EF)** was established in 2001 to encourage and support environmentally friendly behaviour through the collection and use of the plastic bag and landfill levies.*
 - *The **Energy Efficiency National Fund (EENF)** was established in 2014 for investment in energy efficiency to be matched by private sector funding, and ceased further investment in 2018.*
 - *The **Climate Action Fund (CAF)** was established in 2018 to provide support for projects, initiatives and research that contribute to the achievement of Ireland's climate and energy targets, and for projects and initiatives in sectors impacted by the transition to a low carbon economy.*

Aims and Objectives

- The objectives of the paper were to establish the key inputs and outputs of these Funds, to review their delivery, and to explore their sustainability over time.
- After examination of these items, the paper recommends a number of changes to the operation of the funds, including the implementation of guidelines, expenditure controls, and evaluation on a programme logic model.
- The intended outcomes of these recommendations are to bring about: a clearer rationale for the use of public funds for expenditure in these areas; effective and efficient use of public resources to tackle environmental harm and the effects of climate change; and a reduced risk to the Exchequer in the operation of these non-Exchequer funds.

Spending Review 2021 – Key Findings



Key Policy Relevant Findings

- This Review finds that there is a public spending rationale for each of these funds. However:
 - The continued rationale for non-Exchequer funding for the CAF will depend on performance, and
 - The non-Exchequer funding rationale for the EF is questionable due to inconsistency between income/expenditure areas, relatively weak grounds for hypothecation of revenues, and reliance on varying income for funding of non-discretionary items.
- State assets at end-2020 in respect of the EENF amounted to €35.8m. This compares to seed investment in the EENF of the €35m. Costs have amounted to c. €2m to date, and 2 projects have been fully delivered.
- The CAF is at an early stage in its development, with a relatively low level of operation in the period post-establishment but prior to being put on statutory footing in 2020. 3 projects are at delivery stage.
- The review confirms the conclusions of the 2017 Spending Review on the Environment Fund, and shows that the concerns outlined therein to be proven in later operation.
- The Review recommends
 - *Amending the EF legislation to require published guidelines, expenditure controls and increased reporting*
 - *Considering alternative sources of income and the appropriate level of spending on the EF*
 - *Adopting a Programme Logic Model (PLM) for future evaluation of both the EF and the CAF*
 - *Evaluating the CAF once more over the short to medium term.*
 - *Reporting on amounts transferred from the EENF to the CAF be included in the published accounts of the CAF.*