



NGO press briefing notes

20 November 2012

European Summit 22-23rd November: How to ensure strong green spending runs throughout the Multiannual Financial Framework 2014-2020

This week's European Council will be crucial for ensuring that the Multiannual Financial Framework 2014-2020 (MFF) mobilises sustainable investments that can create millions of jobs and take Europe forward on a solid footing out of the crisis. Environment NGOs – **Birdlife Europe, Conservation International Europe, CEE Bankwatch Network, European Environment Bureau, Friends of the Earth Europe, Transport & Environment and WWF** – are campaigning for future EU funds to bring more environmental benefits and public goods, deliver on jobs and economic opportunities, cut harmful subsidies and achieve European 2020 and 2050 climate, energy and environmental targets.

Ensuring that funds are better spent is therefore our main priority. The current overall MFF proposal is far from green: it is a lost opportunity. There is a lot of room to shift MFF allocations towards better spending and to relocate funds to greener sectors. Therefore we wish to draw your attention to five key issues for the Council that could substantially increase the chances of the next MFF delivering multiple benefits:

1. **Climate action: Ensure that 25% of the next MFF supports climate action**

The European Commission introduced a 20% MFF support for climate action, endorsed by the Parliament and recently too by President of the European Council, Mr Van Rompuy. We are asking for 25%, a minimum for incentivising an eco-innovative economy based on renewables in Europe. It will help Europe to create new quality jobs, improve the well-being of EU citizens and achieve near decarbonisation by 2050.

2. **Common Agricultural Policy (CAP): Ensure the delivery of public benefits**

Increasing the long term sustainability of the farming sector is essential for preserving environmental public goods and for job creation in rural areas – achievable through mandatory greening of direct payments and a strong Rural Development pillar. We consider that half of total CAP funds should be allocated to Rural Development, of which at least 50% should be earmarked for the environment.

In addition, a minimum 30% of direct payments should support a greening package of meaningful agricultural practices at the farm level linked to the basic payments.

However, the proposal of the President of the European Council, Mr van Rompuy, fails to rebalance the allocations between the two pillars – it may very likely be the opposite.

3. Cohesion Policy and Connecting Europe Facility (CEF): Put sustainability at the heart of regional development and infrastructure investments

In order to deliver on Europe 2020 objectives as well as 2050 climate and environmental objectives, Cohesion Policy and the CEF should aim at reducing – not increasing – energy and resource consumption in order to create sustainable and secure jobs and boost economic opportunities.

Prioritised support for energy savings, renewable energy and clean transport projects should be accompanied by the prevention of any harmful social and environmental impacts. For this purpose environmental safeguard mechanisms ('climate and biodiversity proofing') throughout the whole programming cycle need to be applied.

4. Ensure that LIFE (Environment and Climate fund) receives 1% of the next MFF

The Parliament is asking for LIFE to be strengthened. A modest 1% of the MFF for this successful fund will strongly contribute to achieving the EU target to halt biodiversity loss by 2020 through innovative environmental projects.

5. Europe's external dimension: important international commitments that are being forgotten

The European Commission's proposal for an increased Heading 4 is a bare minimum, as underlined by the Parliament. It should be maintained, and not cut, to allow Europe to deliver on its international development, climate and biodiversity commitments. President van Rompuy's proposal does not satisfy this and threatens EU's credibility at the global stage.

The likeliness of failure and potential ways out

- **Better spending is a must for compromise**

Our priority issue, the quality of EU spending, is largely neglected in the proposals and discussions of the Council. This is a recipe for failure. In 2008 the European Commission launched a "no-taboo" debate on reforming the MFF, acknowledging the need for a fundamental restructuring. However, Member States are reluctant to change old habits and will likely focus only on their net balance – dropping the European dimension of the MFF and its main objectives. The "better spending" element is not controversial and would increase the chances of reaching a good compromise, since all Member States agree on this principle.

- **Developing quality spending plans for Cohesion Policy, Rural Development, and the Fisheries Fund must not be hampered by a delayed MFF**

A potential delay of the MFF agreement might put pressure on national authorities to finalise their spending plans before January 1, 2014 (the Partnership Agreements and Programmes). However, proper programming effort is required to ensure better spending. This must be based on comprehensive consultation with relevant stakeholders and adequate environmental impact assessments, to ensure that programmes focus on the best designed and the most needed projects. The on-going disagreements should not impact on the ultimate quality of spending down the line.

For comment during the Summit (Nov 22-23) proceedings

For comment and reaction at all hours during this week's Summit, contact:

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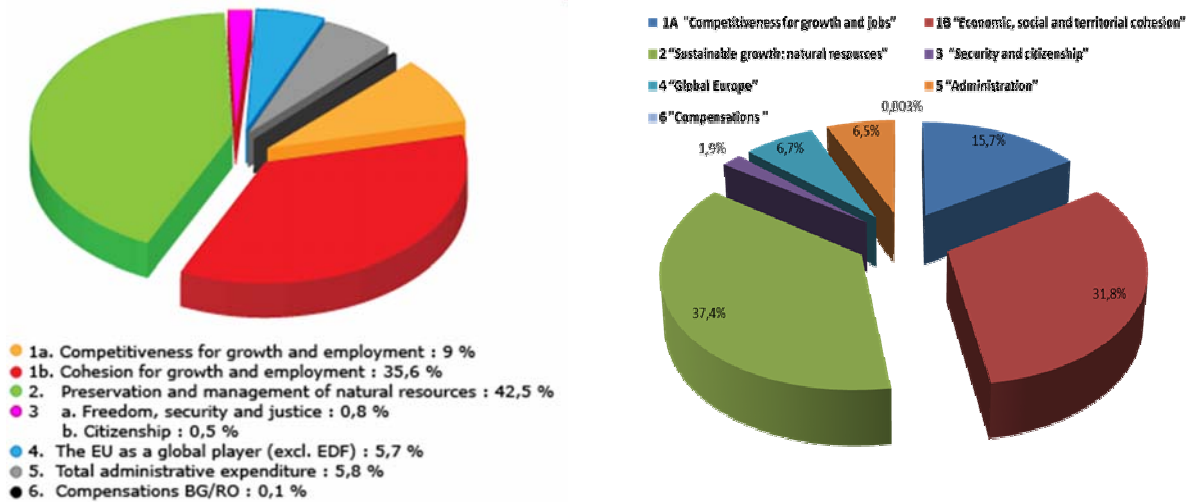
Keep up to date on MFF Summit developments on Twitter by following:

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Annex

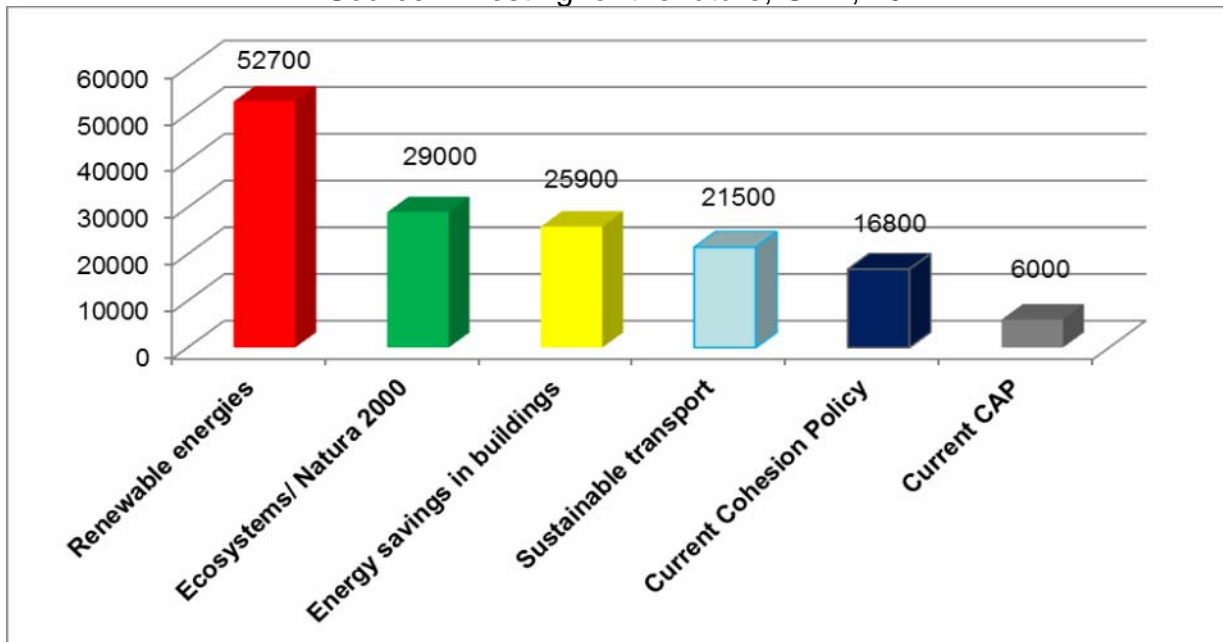
MFF breakdown 2007-20143 and 2014-2020 (Van Rompuy proposal): marginal changes?

2007-2013 breakdown on the left, proposed 2014-2020 breakdown on the right



Job creation though green better spending

Job creation in 1 year for 1 billion euro spent from MFF
Source: Investing for the future, GHK, 2012



Climate action

The MFF has been designed to support the achievement of the Europe 2020 Strategy that includes the targets of the climate and energy package. At the current pace of development, the 20% energy saving target will not be met.

The commitment that at least 20% of the next MFF will be spent on climate action has a strong potential to increase quality of spending if it is carefully implemented, however it should be raised to 25%. It should be ensured that each EU fund will deliver and design programmes accordingly.

A strong case for energy saving support from the MFF can be made – especially in the housing sector. For example, Central and Eastern European Member States are lagging behind in energy efficiency standards, and households in the region could save up to EUR 1,000 annually with refurbishment projects, creating jobs in the process (see the graph above). A study from the Central European University on energy retrofitting in buildings shows: “The labour intensity for deep renovations of [...] 26 full-time job equivalents (FTE) units per million Euro invested is more than double the labour intensity of the entire construction industry (12 FTE per million Euro).”

In addition, long term investments in infrastructure must also be consistent with the EU target of 80-95% GHG reduction by 2050. Ensuring the consistency of MFF infrastructure investments with this decarbonisation path will lead to better energy security and avoid huge future costs of climate related disasters and adaptation.

Common Agricultural Policy (CAP)

A meaningful greening of at least 30% of direct payments is an attempt to give legitimacy to direct payments. This would help increasing the environmental baseline of European farming. It should consist in a mandatory package of 3 measures at farm level including a better protection of valuable permanent pastures, 10% Ecological Focus Areas at farm level and real crop rotation practices.

Rural Development`s (the second pillar) approach, which is based on multiannual targeted programmes, could further contribute to more result-orientation to deliver on specific targets. But for that purpose it needs to benefit a bigger share of the total CAP allocation, and its environmental earmarking needs to be raised to 50% of Rural Development allocation.

Cohesion Policy

Concrete projects funded by Cohesion Policy have delivered on energy savings, renewable energy production, more sustainable transport, biodiversity protection – and proved beneficial for local business and created jobs, throughout Europe. These types of projects need to be rolled out in large scale.

The next Cohesion Policy includes a climate earmarking that will raise investments in energy saving, renewables and public urban transport sectors. But we also strongly ask

that environmentally harmful subsidies (notably on road transport) are reduced, especially through better impact assessments. Furthermore, Cohesion Policy needs to be more coordinated with other European and national strategic documents such as the Prioritised Action Frameworks for Natura 2000 and the “BEST” scheme for the Outermost Regions.

Connecting Europe Facility (CEF)

The CEF has a potentially key role in providing seed funding for renewable energy projects and the super-smart grids needed to supply clean energy across borders. CEF funds should leverage additional public and private funding via the use of financial instruments. All projects and corridors must be subject to environmental and climate assessments.

CEF support must not be granted to major transport projects which increase overall transport greenhouse gas emissions (e.g. airports), and safeguards are needed to protect sensitive natural sites and biodiversity, such as the Danube basin. Given the current budgetary constraints, the funding rules must incentivise user-financing in line with the polluter-pays principle.

LIFE (Environment and Climate fund)

LIFE, the only funding line of the MFF dedicated towards European environment, has proven a vital and successful source of support for innovative projects benefitting biodiversity and climate action. LIFE has an outstanding performance in terms of cost-efficiency. The EU has failed to meet its 2010 biodiversity target. In order to reach the new EU biodiversity target by 2020, financing Natura 2000 – the cornerstone of EU biodiversity policy – is a priority. It requires only EUR 6 billion a year while it delivers EUR 200-300 billion of ecosystems services per year, according to the European Commission. It needs an increase to just 1% of MFF, instead of the 0.3% proposed by the European Commission.

External dimension

The European Commission’s proposed allocation for an increased Heading 4 is adequate and should be maintained as a bare minimum. More precisely, at least 31% of the new Global Public Goods programme (part of the Development Cooperation Instrument) should be spent for the environment and climate change, in order to deliver international climate and biodiversity finance commitments. Furthermore, the thematic programme for non-state actors should be supported: it is crucial to ensure the involvement of civil society organisations and local authorities in development policy.