



Recommendations to achieve a sustainable Multiannual Financial Framework 2014-2020

TOP PRIORITIES

1. Secure adequate mechanisms and measures to reach the EU climate and energy targets by 2020 (including mechanisms such as climate proofing and earmarking), in particular to support energy saving actions;
2. Establish effective mechanisms in the EU Budget for mainstreaming biodiversity and ecosystems restoration;
3. Increase funding in order to secure the needed environmental financial support (especially in the LIFE programme from €3.2 to €10 billion for the 7 year period) and ensure the EU meets its commitment to halt biodiversity loss by 2020;
4. Rebalance the CAP proposal to ensure that rural development (pillar 2) receives 50% of the CAP total amount;
5. Tighten the principles of transparency, public participation, and environmental pre-conditions and translate these into effective instruments guaranteeing high quality spending and preventing the disbursement of perverse subsidies.

A GREENER EU BUDGET TO EXIT THE CRISIS

The 2014-2020 Multiannual Financial Framework (EU Budget) will be a decisive tool for Europe to demonstrate that it can achieve economic and social prosperity through its commitment to a decarbonised, resource and energy-efficient and socially just economy. The new EU Budget should be in line with the Europe 2020 strategy, and deliver on a smart, sustainable and inclusive Europe. A green economy is the most promising option to end the current economic crisis¹ and deliver a sustainable European economy.

Climate change and environmental degradation are identified as challenges that need a pan-European approach. The EU Budget reform is the opportunity to ensure the consistency between EU agreed policy priorities, its funded activities, compliance with the EU environmental acquis and achieving EU environmental targets. The next EU Budget needs to support the prioritisation of three key environmental issues: combating climate change and biodiversity loss and ensuring efficient use of resources.

RECOMMENDATIONS

Environmental NGOs call on decision makers to strengthen the Commission proposal in order to:

1. Rebalance the allocation of funds to support effective and successful programmes;

¹ See UNEP, (2011), Towards a Green Economy

2. Enhance mainstreaming of environment and sustainability;
3. Secure effective implementation and monitoring.

This would ensure that budget allocations and spending priorities effectively shift EU subsidies to sectors of the green economy that will create more jobs and will be the lead economic markets of the future (renewable energies, energy savings in buildings, sustainable agriculture, eco-innovation, ecosystems restoration, decarbonised transport, etc).

To this aim, the positive elements that have already been set out in the Commission's EU Budget proposal need to be supported and further strengthened. This concerns, in particular, proposals to ensure the EU reaches the 2020 climate and energy objectives and the lack of elements to achieve the 2020 biodiversity target.

1. REBALANCE FUNDS TO SUPPORT EFFECTIVE AND SUCCESSFUL PROGRAMMES

41% of the current EU Budget 2007 – 2013 is comprised of agricultural funds and 35% of cohesion and structural funds. The allocation of these EU funds and a number of other ones has supported many projects damaging the environment and natural resources.

1. Increase the LIFE programme - the only EU fund earmarked specifically for the environment - from €3.2 to €10 billion– a modest 1% of the EU Budget.

LIFE has proven to be a vital and successful source of support for biodiversity and climate action. LIFE has an outstanding performance in terms of cost-efficiency. However, for the period of 2014-2020 LIFE will not receive the needed boost, and be granted only 0.3 % of the total EU budget. At least 5 times more are needed, notably to meet the challenge of financing the Natura 2000 network (for which at least €6 billion is needed per year, with €750 million coming from LIFE).

Additional provision

2. Common Agricultural Policy (CAP): rebalance the allocations of the two pillars, with 50% of the total amount in the CAP for pillar II

The CAP is unbalanced with only 25% for rural development (second pillar). The rural development fund is based on a multiannual approach, ensuring the delivery of targeted results. This approach is completely in line with the results oriented approach of the Europe 2020 Strategy.

Additional provision

3. Common Agricultural Policy (CAP): Flexibility from pillar I to pillar II

While allowing Member States to shift money from untargeted pillar I spending to better spent pillar II is welcomed, there should not be any modulation from the second pillar to the first pillar. The second pillar is result driven with targeted spending and it effectively supports rural areas and vitality. Rural development funds should not be diverted into increasing non-targeted income support for farmers.

Improve

2. ENHANCE MAINSTREAMING OF ENVIRONMENT AND SUSTAINABILITY

<p>1. Climate mainstreaming: ensure that 25% of the EU Budget contributes to Europe's transition to a low carbon and climate resilient society</p>	<p style="text-align: center;"><i>Improve</i></p>
<p>The share of the EU Budget supporting direct and indirect climate action proposed by the Commission should be supported and increased from 20% to 25% with at least effective targets within policy areas as means of securing adequate funding and incentives to reach the 2020 climate and energy targets.</p>	
<p>2. Biodiversity mainstreaming: ensure that 10% of the EU Budget contributes to Europe's ecosystems' services and ecosystems</p>	<p style="text-align: center;"><i>Additional provision</i></p>
<p>10% of the EU Budget should benefit biodiversity and ecosystems (with a priority support to the Natura 2000 network, the cornerstone of EU biodiversity policy), ensuring that the EU finally meets its target to halt the loss of biodiversity by 2020.</p>	
<p>3. Cohesion Policy: climate proof the Cohesion Policy and earmark structural funds for energy savings and renewable energies</p>	<p style="text-align: center;"><i>Improve</i></p>
<p>Climate proofing the Cohesion Policy should be supported. The Commission's proposal to earmark 20% of the European Regional Development Fund (ERDF) for low carbon investments in more developed and transition regions should be increased to 25% - complemented with a similar earmarking of 15% in ERDF in less developed regions, where the energy saving potential is even bigger and more cost effective.</p>	
<p>4. Cohesion Policy: biodiversity proof the Cohesion Policy and earmark structural funds for environment</p>	<p style="text-align: center;"><i>Additional provision</i></p>
<p>Environmental proofing of the EU Budget should be strengthened. 10% of the European Regional Development Fund (ERDF) should be directed to the environment in developed and transition regions, and 15% to less developed regions; thus supporting compliance with the environmental acquis and the achievement of environmental targets by 2020 including biodiversity targets.</p>	
<p>5. Common Agricultural Policy (CAP): support the 30% greening component of direct payments (pillar 1)</p>	<p style="text-align: center;"><i>Support</i></p>
<p>The future CAP must be based on the principle of paying farmers and land managers to deliver the public benefits that EU's citizens expect and need from farming. Public goods such as healthy ecosystems, clean water, wildlife, and fertile soils are not rewarded by the market. Direct income support must also deliver benefits to the environment and provide a baseline for rural development from where more public goods can be delivered.</p>	
<p>6. Common Agricultural Policy (CAP): increase the rural development support (second pillar) to agri-environmental measures from 25% to 50%</p>	<p style="text-align: center;"><i>Additional provision</i></p>

50% of rural development should be targeted to Agri-environment Schemes. Rural Development has considerable potential to address the EU's environmental challenges by supporting farmers to maintain or introduce sustainable land management delivering environmental public goods.

3. SECURE EFFECTIVE IMPLEMENTATION AND MONITORING

1. Planning for funding Natura 2000 and achieving the 2020 biodiversity target

Financing of Natura 2000 (18% of the EU territory) is currently possible, but optional under several EU budget lines. Nevertheless, Natura 2000 is 80 to 90 % underfinanced. The EU Budget should be funding about 75% of this cornerstone of EU biodiversity policy, necessary for implementing the Habitat Directive (Art.8). The MFF regulation should have clear reference to the need for Member States to have effective Natura 2000 action and financing plans ("prioritized action frameworks") for all relevant funding programmes (agriculture, cohesion, maritime and fisheries, research, LIFE funds).

Improve

2. Governance: transparency and public participation

The Commission's proposal lacks provisions to ensure full transparency of EU Budget's implementation including availability of public data online. It does not take into account the benefits of public participation to the budget planning and monitoring. This is a critical omission in times of austerity where the EU needs to justify its spending more than ever. Mechanisms to ensure transparency and to involve the public should be implemented.

Additional provision

3. Environmental assessment mechanisms need to ensure sustainability in the programming and implantation phases

Experience has shown that existing EU environmental assessment mechanisms (SEA and EIA) are not designed to cover the full scope of environmental issues (notably climate and biodiversity) and to effectively prevent environmentally harmful spending. Environmental ex-ante conditions that guarantee timely, comprehensive and inclusive intervention in funds programming and implementation should be introduced in the EU Budget and supported under the sectoral policies to ensure compliance with EU legislation.

Additional provision

4. Tracking climate action and biodiversity protection spending

The Commission proposes to track climate and environment spending in each EU fund, on the basis of the "Rio marker" methodology already used for EU external funds. Environment tracking should reference more concretely biodiversity tracking that is also already used for EU external funds. In addition, the Rio marker methodology currently fails to track expenditures that are counter-productive and should therefore be improved in the EU Budget.

Improve

Contacts:

Bruna Campos, EU Financial Perspectives Policy Officer, BirdLife Europe / Conservation International – Europe, bruna.campos@birdlife.org, tel +32 2 238 50 99

Pieter De Pous, Director of Policy, European Environmental Bureau, pieter.depous@eeb.org, tel +32 2 289 1306

Sébastien Godinot, Economist, WWF European Policy Office, sgodinot@wwf.eu, tel +32 2 740 0920

Antoine Kedzierski, Policy Officer, Transport and Environment,