



EU budget 2014-2020: Leading the way to sustainable prosperity and jobs

April 2012

Our seven European environmental NGOs have been working on the EU Budget reform for more than five years, including at national and local level.

Principles of EU Budget reform:

The EU budget should:

1. Mobilise investments for a sustainable and prosperous economy which is Europe's path out of the crisis and could create around 3 million quality jobs¹.
2. Target funding to support agreed EU 2020 targets for climate, energy and biodiversity, and ensure compliance with EU environmental policies.
3. Benefit EU citizens by giving them a healthy environment for their future.

Time for change

A smarter and more sustainable economy is required to meet the current crisis - business as usual is no longer an option in Europe. We believe the win-win solution lies with meeting the challenges of climate change, biodiversity loss and overconsumption of resources. This will create new and quality jobs in a decarbonised, resource and energy efficient and socially just economy.

Each European taxpayer pays €270 per year into the EU budget. They deserve to see the benefits for all of society in return (*public money used for public goods*) and not only for a small section of interest groups. A Eurobarometer poll shows that **89% of EU citizens want more EU funds to be spent in supporting environmentally friendly activities.**²

¹ José Barroso, President of the European Commission, State of the Union 2010, 7 September 2010, speech in European Parliament

² Eurobarometer « Attitudes of European citizens towards the environment », European Commission, fieldwork 13/04 – 08/05/11, interviews of 26,825 people in EU27



Trust for Civil Society
in Central and Eastern Europe

In times of austerity, EU money has to deliver even more. **Public money needs to be spent for the wider public interest.** Protecting Europe's natural resources and biodiversity and fighting climate change is vital to ensure a sustainable and prosperous economy and a healthy environment for citizens to enjoy. The EU budget should also catalyse private investments for those objectives.

The European Commission's legislative proposals have made some promising changes but they are not ambitious enough to meet the level of current challenges. While CAP spending still needs a radical overhaul, the proposals on the other funds need to be strengthened to ensure leadership from EU Budget that supports and leverage a sustainable and prosperous European economy and inspires all of Europe and the world.

The new EU budget should lead Europe towards a sustainable and prosperous economy

Our environmental NGOs believe that a sustainable and prosperous economy is the best solution for Europe to exit the current crisis, supported at all levels by the next EU budget 2014-2020. This means both investing in the lead markets of the future - eco-innovation, energy savings in buildings, renewable energies, resource efficient practices, sustainable agriculture, decarbonised transport – AND taking care of existing natural resources by better integrating the environment in all EU funds. These investments will maximise benefits for the economy, the environment and employment, which will help European industry and benefit EU citizens.

Putting the support for a sustainable and prosperous economy at the heart of the next EU budget 2014-2020 will deliver a stronger, fairer, more innovative and more sustainable European economy. It could create 3 million quality jobs, according to President Barroso, and at the same time help meet Europe's 2020 Strategy targets.

A sustainable EU budget will deliver multiple benefits

- **Create quality jobs:**
According to a GHK study, €1 billion of EU budget invested can create 52,700 jobs in renewable energies or 29,000 in ecosystems' management. This is significantly higher than the 16,800 in the current Cohesion Policy or 4500 in the current CAP³;
- **Save citizens' money in times of austerity:**
 - All citizens, and especially the most vulnerable members of society, will benefit from lower energy bills resulting from energy savings investments. Meeting the

³ GHK (2011), Evaluating the Potential for Green Jobs in the next Multi-annual Financial Framework

EU energy savings target by 2020 will save up to €78 billion consumer's money annually⁴;

- Investing the required €6 billion a year in the biodiversity network Natura 2000 will provide returns of €200-300 billion a year in ecosystems services for citizens and society, according to the Commission⁵;
- Acting now to reduce and prevent climate impacts in Europe will save untold billions in damage to homes and properties from future floods, storms or droughts.

- **Give citizens a healthy environment:**

A sustainable EU budget supports the well-being of EU citizens and their healthy environment by prioritizing investments in:

- Housing refurbishment, renewable energy, sustainable transport and green infrastructure within Structural and Cohesion funding,
- Ecosystem services like water and biodiversity protection and organic agriculture in Rural Development,
- Furthermore, specific investment for biodiversity (especially for the Natura 2000 network) should be supported by increasing the LIFE programme, financing the funding gaps.

In the current EU budget only 10% of total EU funds directly support these vital measures: this is not enough to signal a change of spending towards a sustainable and prosperous economy – in the next EU budget, at least 25% should be benefitting climate and 10% benefitting nature.

- **Improve the added value and efficiency of EU funded projects by ensuring they support EU targets and environmental policies:**

In times of austerity EU funds need to be used to maximum effect. A move away from short-sighted support for projects which overexploit natural resources, increase greenhouse gas emissions, or fragment ecosystems would free up vital funds for investment in new markets for the future.

- **Offer opportunities for local economies:**

New jobs are largely created in **SMEs**, which are crucial for a smooth transition to a sustainable economy and the biggest provider of jobs in Europe, according to the Commission⁶.

⁴ Stefan Scheuer consultancy, <http://www.stefanscheuer.eu/NRP%20EE%20targets%20analysis.pdf>

⁵ European Commission (2011), Financing Natura 2000, http://ec.europa.eu/environment/nature/natura2000/financing/index_en.htm

⁶ European Commission, 27 March 2012, Eurobarometer survey,

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/218&format=HTML&aged=0&language=EN&guiLanguage=en>

NGO PRIORITY RECOMMENDATIONS TO STRENGTHEN COMMISSION'S PROPOSALS

What would a move to a sustainable and prosperous economy mean in practice? A summary of main points follows, with further information on each major fund in the Annex, and in separate briefings from our environmental NGOs.

1. Multiannual Financial Framework (MFF)

- Increase MFF support for climate action to 25% of funds to incentivise an innovative and sustainable European economy, reach climate and energy targets by 2020 and create new quality jobs;
- Strengthen requirements in MFF to safeguard natural capital and ensure that 10% of MFF benefits Europe's nature capital;
- Tighten the principles of transparency, public participation and environmental pre-conditions in all legislative proposals to ensure better quality spending in line with EU priorities;

2. Cohesion Policy

- Bring Cohesion Policy spending in line with agreed EU priorities for climate and environment;
- Allocate increased funds to energy savings and renewable energies: 25% (from 20%) of the European Regional Development Fund for developed regions and 15% (from 6%) for less developed regions;
- Allocate targeted funds for resource efficiency and the environment;

3. Common Agricultural Policy (CAP)

- Allocate 50% of total CAP funds to rural development (pillar 2);
- Ensure that half of rural development funds deliver environmental benefits;
- Allocate 30% of direct payments (pillar 1) to support good agricultural practices at farm level which benefit the environment for the benefit of all.

4. LIFE: (Environment and Climate fund)

- Increase funding from 0,3% to a modest 1% of total EU funds to support innovative environmental projects and best practice and ensure the EU meets its target to halt biodiversity loss by 2020.

Further information and recommendations in Annex.

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ANNEX

Specific Recommendations on MFF and EU Funds

MULTIANNUAL FINANCIAL FRAMEWORK

1. Low carbon economy and climate mitigation: increase overall share to 25% of the EU Budget

We support the Commission's proposal to focus a significant share of the EU Budget on investments and incentives supporting climate action, to reach the 2020 climate and energy targets. This share should be increased from 20% to 25% of funds. Climate tracking will be the tool to monitor progress.

Improve

2. Biodiversity and ecosystems: introduce 10% share of the EU Budget

10% of the EU Budget should benefit biodiversity and ecosystems directly or indirectly, ensuring that the EU finally meets its target to halt the loss of biodiversity by 2020. Biodiversity tracking will be the tool to monitor progress.

*NEW
provision*

3. Financing Plans for Natura 2000 to achieve the 2020 biodiversity target

We support the Commission proposal that Member States set clear financing plans for Natura 2000 actions for relevant funds (rural development, Cohesion, maritime and fisheries, research, LIFE funds). This strategic financial planning for Natura 2000 - 18% of EU territory - is needed to maximize effectiveness of EU funds.

Support

COHESION POLICY

1. Taking climate into account

Greater investment in low carbon measures are needed to meet the EU energy-saving target. The Commission's proposals to target funding in European Regional Development Fund (ERDF) for low carbon investments should be increased to 25% (from 20%) in more developed regions and to 15% (from 6%) in less developed regions. This will create quality jobs, reduce consumer bills, improve energy security, maximise economic opportunities in all regions and contribute to reach the 2020 climate and energy targets.

Improve

2. Add new allocation for environment and resource efficiency

A fourth objective, 'promoting the environment and resource efficiency' should be added to the existing 3 thematic objectives (innovation, SME and low carbon support) proposed by the Commission for the majority of ERDF funds. This will allow more flexibility for the regions, help them comply with environmental legislation, and establish a clear link with the EU 2020 Strategy Flagship Initiative on resource efficiency. These ERDF investments will help reduce the annual cost of biodiversity loss, and avoid Europe's increasing dependence on costly imports due to inefficient resource use.

*NEW
provision*

3. Improve environmental assessments of Cohesion Policy spending

We support the Commission's proposals for better environmental ex-ante conditions which will ensure timely and comprehensive assessment of funding programmes and implementation. This will be a significant step towards preventing environmentally damaging spending, notably for climate and biodiversity.

Support

4. Improve the public partnership principle

We support the Commission's proposed European code of conduct for the implementation of public partnership and sharing of information, experience, and best practice among Member States.

Support

COMMON AGRICULTURAL POLICY

1. Increase Rural Development (pillar 2) allocation to 50% of total CAP budget

The CAP's Rural Development funds have provided targeted spending and effective support of rural areas and their communities. The multi annual and targeted approach of pillar 2 has enabled the provision of multiple environmental public goods. This pillar now needs to take equal place alongside the old untargeted system of direct payments, with 50%, not only 24%, of CAP funds allocated.

Improve

2. Increase support for environmental measures in Rural Development (Pillar 2)

To fulfil the potential for Rural Development funds to address the EU's environmental challenges, minimum spending for environmental measures should be increased to 50% of funds, from 25%. Several Member States already devote 50% or more of their rural development funding for measures to support farmers in sustainable land management and safeguarding the environment.

Improve

3. Allocate 30% of Direct Payments (Pillar 1) towards agronomic practices which secure public goods delivery

The future CAP must be based on the principle of paying farmers and land managers to deliver the public benefits that EU citizens need from farming. Public goods such as clean water, biodiversity, carbon storage and fertile soil are not rewarded by the market, so direct income support needs to secure the provision of these benefits.

Improve

LIFE

1. Increase LIFE funds to 1% of the EU budget

LIFE, the only environmental fund of the EU budget, 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. It needs an increase to just 1% of EU budget, instead of the proposed 0.3%, to support Europe's threatened environment.

Improve

2. 50% at least of LIFE funds for achieving the EU target to halt biodiversity loss

The EU has failed to meet its 2010 biodiversity target. It is of utmost importance to achieve the new EU biodiversity target by 2020. Financing Natura 2000, the cornerstone of EU biodiversity policy, is a priority and requires only €6 billion a year: it is only 0.05% of EU GDP while it delivers €200-300 billion of ecosystems service a year according to the Commission. €1 billion coming from LIFE is necessary in addition to funding from CAP and Cohesion Policy.

Support

CONNECTING EUROPE FACILITY

Focus on infrastructures benefitting renewable energies and sustainable transport

The infrastructure fund proposed by the Commission should not support projects undermining the achievement of the 2020 climate and energy targets. It should focus entirely on supporting the development of renewable energies (smart grids, not gas pipelines) and of sustainable efficient transport (railway, not motorways).

Improve

EUROPEAN MARITIME AND FISHERIES FUND

1. Ensure that funds will support the transition to sustainable fisheries

The EMFF should not undermine the objectives of the Common Fisheries Policy and therefore focus on the restoration of marine ecosystems and the transition to sustainable fisheries, without contributing or maintaining to overcapacity and overfishing.

Improve

GLOBAL EUROPE

1. At least 37% of Global Public Goods programme spent on environment

The EU must deliver its international climate and biodiversity finance commitments. This requires scaling up the environmental expenditure of the new Global Public Good programme, part of the Development Cooperation Instrument: the Commission's proposal should be supported.

Support

2. Support the thematic programme for non-state actors

The Commission proposed a €2 billion thematic programme for civil society organisations and local authorities, which is crucial to ensure their involvement as national and local actors in development policy, implementation and holding governments to account.

Support