

Changing Perspectives

How the EU budget can shape a sustainable future

Executive summary

Protecting the environment and improving the quality of life for European citizens are integral aims and purposes for the European Union. Its policies and activities are mandated to be defined and implemented in line with environmental protection requirements¹. EU public spending should, therefore, be in accord with those policies and objectives.

The Multiannual Financial Framework (hereafter called EU-Budget), although small in relation to the annual GDP² of the EU, is an important financial source for European investments. Its impact on development in the EU and beyond has been significant, and therefore needs a new direction to ensure that it fits with the current challenges facing Europe. There are obvious gaps currently existing in delivering European public benefits that citizens expect such as tackling climate change, promoting green jobs, or halting the decline of biodiversity and the planet's resources. European taxpayers' money is not delivering what it could and should for the citizens of Europe. It is clear that the EU-Budget can do much better, and is a tool that can potentially accelerate the EU's transition to a renewable and resource efficient society.

The EU-Budget 2014-2020 is a rare opportunity to match deeds to words, and ensure that taxpayers' scarce money is used to deliver European public goods.

This report, written by a coalition of environmental NGOs, offers an assessment of the extent to which the EU-Budget is currently contributing to tackling the challenges of climate change, biodiversity loss and resource overconsumption. It sets out clear recommendations for the next EU-Budget to catalyse the transition towards a just society that guarantees the well-being of citizens in a globally and fiscally responsible way, within the ecological limits of the planet. This report focuses on the expenditure of the EU-Budget and does not provide an opinion on the ongoing income debate.

The report consists of three parts: the first part presents 10 guiding principles, proposed to ensure a sound EU-Budget with clear targets, and improved efficiency and accountability. The second part flags the three most detrimental environmental challenges that the budget must address in order to place Europe on a sustainable development path. In the third part, we present concrete steps for reforming the major European funding instruments and policies so that they can catalyse the transition.

The 10 guiding principles are integral to the functioning of the EU-Budget and should apply to all EU funding instruments and policies:

1. **Public money for public goods and ecosystem services** – the EU-Budget should provide for public goods, such as the preservation of biodiversity, ecosystems, climate stability, water quality, air quality and soil quality.
2. **Targeted spending** – the EU-Budget should support a limited number of priorities which are clearly identified and justified.

¹ "Environmental protection requirements must be integrated into the definition and implementation of the Union policies and activities, in particular with a view to promoting sustainable development" - Treaty of the Functioning of the European Union, Article 11.

² For the financial period 2007-2013, €976 billion has been allocated, around 1% of the Union's GDP.
http://ec.europa.eu/budget/budget_glance/index_en.htm

3. **Coherence within and across European policies and instruments** – European spending should not undermine any EU policy objectives or the effectiveness of other European policies.
4. **Maximising EU leverage** – the EU-Budget should concentrate on projects that deliver the most public benefits at European level and reflect European priorities.
5. **Long term cost effectiveness** – the EU-Budget should support solutions which are the most cost-effective over time.
6. **Integrated strategy** – the EU-Budget should be the result of an integrated strategy, to ensure coherence.
7. **Transparency** – the EU-Budget should provide full disclosure of its spending in a timely and accessible fashion.
8. **Partnership** – the EU-Budget should apply binding rules for meaningful public participation and partnership of all relevant stakeholders.
9. **Accountability** – European payments should ensure the achievement of targets and comply with the requirements that are attached to the payment schemes.
10. **Environmental proofing (climate, energy efficiency, biodiversity and resource use)** – European payments must be assessed, prior to implementation, to ensure that they do not produce negative effects or undermine European climate, energy, biodiversity and resource objectives.

This report analyses the effective use of EU-Budget spending through the lens of three core challenges:

1. **Climate change and energy:** The EU-Budget should promote a transition to a sustainable low carbon society through reduced energy consumption, the decentralisation of energy supply, increased use of renewable energy and ensuring ecosystem resilience (i.e., ecosystem based adaptation to climate change). In so doing, the EU-Budget would support a decrease in energy dependency on non-renewable energies, reduce demand and cut energy expenditure, create large amounts of long term jobs and help to close the current social gaps. Furthermore, taking into account the EU's historical responsibility to support climate mitigation and adaptation outside its borders, new and additional financial support should be provided to developing countries to tackle climate change and its consequences.
2. **Biodiversity and ecosystems:** Biodiversity preservation is integral to sustainable development, and offers many benefits to Europe. The EU's responsibility should be to maintain or enhance this capital for future generations. In its commitments to stop biodiversity loss, the EU-Budget should provide the financial means across all funding instruments to reach the agreed EU 2020 biodiversity headline target³, to achieve effective implementation of relevant EU environmental legislation (such as Natura 2000), and ensure the proper integration of biodiversity in other sectors (such as agriculture and fisheries), while stopping the negative impacts of European subsidies. In addition, it should provide increased support to biodiversity protection at the international level.
3. **Resource efficiency:** In order to become the most resource efficient economy in the world, and to enable us to live within the limits of the planet, the EU should use its limited budget to drive reductions in the use of resources and dependency on imports, while increasing recycling and restoration in the fields of waste, water, materials and land.

³ In March 2010 the European Council endorsed the headline target of "halting the loss of biodiversity and the degradation of ecosystem services in the EU by 2020, and restoring them in so far as feasible, while stepping up the EU contribution to averting global biodiversity loss."
http://ec.europa.eu/environment/nature/biodiversity/policy/index_en.htm

Finally, concrete suggestions are made in this report for mainstreaming the environmental challenges into the various EU funding instruments, and for related policy reforms. Our analysis shows that the EU-Budget requires a much stronger emphasis on the most relevant funds to achieve the climate change, biodiversity, and resource efficiency objectives that the EU upholds.

The main proposals are:

- **Common Agricultural Policy** – should reward farmers and land managers for the delivery of public goods, such as an attractive countryside rich in wildlife.
- **Structural and Cohesion Funds** – should foster ecological sustainable development and the transition to a low-energy-consumption and resource-efficient society.
- **Transport funding** – should only target plans and projects which actively reduce greenhouse gas (GHG) emissions and maintain green infrastructures.
- **LIFE programme** (the single EU instrument directly allocated to the environment) – should reach at least 1% of the EU-Budget⁴.
- **European research funding** – should be refocused on delivering breakthroughs on the core challenges.
- **Marine and fisheries funding** – should ensure the protection of both the EU's and the global marine environment by supporting a sustainability shift in fisheries.
- **The EU Overseas entities** – funds dedicated to overseas entities need to reflect the EU's priorities, responsibilities and objectives for tackling climate change, biodiversity loss and resource efficiency.
- **External dimension** – environmental sustainability must be mainstreamed within all external dimension policies and spending, along with a significant increase in financial support for sustainable development in the least developed countries.

The assessments in this report are systematically followed by clear and concrete recommendations for the next EU-Budget for the 2014-2020 period. These have strong potential to deliver on key European environmental objectives while maximising the leverage of EU spending.

The EU can and must take responsibility in ensuring that European taxpayers' money is invested in an economy for the future, based on the well-being of citizens within the ecological limits of the planet.

⁴ Based on the current annual budget (significant to a 5 fold increase).