



WWF

POSITION
PAPER

SEPTEMBER

2010



Making the EU Budget Work for EU Citizens





40%

OUR ECOLOGICAL FOOTPRINT
NOW OVERSHOOTS THE WORLD'S
CAPACITY BY 40%



20%

BY 2050 THE COSTS OF
CLIMATE CHANGE ARE ESTIMATED
AT UP TO 20% OF WORLD GDP



65%

IN EUROPE 65% OF HABITATS
AND 52% OF SPECIES ARE UNDER
SERIOUS THREAT

REVISING THE EU BUDGET : A ONCE IN A DECADE OPPORTUNITY

With 976 billion € for the 2007-2013 period¹ and an average of 270 € per citizen per year, the use of taxpayers' money is not delivering what it could and should for the citizens of Europe: well-being, jobs and economic, financial and environmental security.

In the current economic and financial crisis, poverty rates and unemployment are on the increase and one in five households is having difficulty keeping up with household bills and credit commitments². EU citizens want their money spent on areas that will benefit them and create long-term stability and prosperity.

Another serious threat is coming our way: the looming ecological crisis. Why? Because our ecological footprint now overshoots the world's capacity by 40%, which means that we are in the process of exhausting earth's natural resources³ provided to us by healthy ecosystems.

Petroleum to drive our cars, natural gas to warm our homes and precious minerals to help power our mobile phones and laptops are just some of the essentials found in nature; however environmental public goods such as clean water, food, fibres and medicines, which are key to our well-being, are dwindling and we cannot survive without them. Finding alternative mechanisms for these ecological services that we take for granted will cost national governments and Europe more than we can estimate at present.

Our hunger for consumption is destroying the planet and significantly contributing to climate change; already 40% of forests and 20% of coral reefs have been lost globally and in Europe 65% of habitats and 52% of species are under serious threat. Both biodiversity loss and climate change are serious threats to society and to the economy and we cannot afford the cost of inaction. By 2050 the costs of climate change are estimated at up to 20% of world GDP⁴ and the loss of biodiversity would total 7% of world GDP⁵.

1 European Commission, http://ec.europa.eu/budget/prior_future/fin_framework_en.htm. Adjusted according to the different revisions and in current prices

2 Eurobarometer – June 2010

3 WWF, *The Living Planet Report 2008*, http://wwf.panda.org/about_our_earth/all_publications/living_planet_report/

4 *The Stern review on the Economics of Climate Change*, October 2006, http://www.hm-treasury.gov.uk/stern_review_final_report.htm

5 *The Economics of ecosystems and Biodiversity (TEEB)*, November 2009, <http://www.teebweb.org/ForPolicymakers/tabid/1019/language/fr-FR/Default.aspx>

IT'S NO
WONDER THAT
BIODIVERSITY
AND CLIMATE
CHANGE ARE
CLIMBING UP
THE CORPORATE
AND CONSUMER
AGENDA

Today over 80% of consumers said they would stop buying products from companies that disregard ethical considerations in their sourcing practices and one in four global CEO's see biodiversity loss as a strategic issue for business⁶.

EU citizens, business and industry are more environmentally aware than ever before and are taking action to make their lives and practices more sustainable. It is now up to the European Institutions to follow suit and build a Europe for the future and a stronger resilient economy. The first step is moving towards a sustainable EU budget.

The European Union has a huge potential to 'do good'. More than others, it is acutely aware of the challenges. It has progressive legislation in several environmental areas including biodiversity and water, and commendable ambitions of tackling climate change. Its consumers are looking for more sustainable ways of consumption. Its citizens are expecting new ambitious political leadership.

Current EU Budget Failures

THE CURRENT EU
BUDGET (2007-2013)
DOES NOT REFLECT
THESE AMBITIOUS
POLICIES AND
HOPES

- The main target of the budget remains short term economic growth, without proper assessment of environmental and social impacts, especially in the mid-to-long term.
- Many subsidies are still environmentally harmful, notably in intensive agriculture, one of the main European expenditures.
- Cohesion funds strongly support certain sectors locking us into high carbon infrastructures increasing greenhouse gas emissions, notably the road transport (54% of transport funding⁷).
- Financial support for biodiversity remains marginal and subsidies' impacts on biodiversity are rarely assessed.
- Development aid does not focus on the poor and the environment: only 42% of European ODA (Official Development Assistance) was allocated to the poorest countries in 2008⁸ and only 2% goes to the environment⁹.
- Lack of proper transparency and reporting of the EU budget has fuelled political controversy on its effectiveness. Proper targeting of funds is strongly questioned. Lack of public understanding of the EU budget and persistent reports of fraud and mismanagement have worsened the global picture.

Overall, it is hard to see the added value of EU expenditures in delivering European public benefits that citizens expect.

6 *TEEB for Business*, 2010, <http://teebweb.org/ForBusiness/tabid/1021/language/en-US/Default.aspx>

7 Institute for European Environmental Policy (IEEP), *Cohesion Policy and the Environment*, April 2010

8 EU Annual Report 2009

9 European Commission, *Improving environment integration in development cooperation*, March 2009

The next seven-year European budget, the Financial Perspective 2014-2020, provides a huge opportunity to take action.

It has the ability to put the money where it is needed most, serve European public interest and deeply transform Europe. Reforming the EU budget is an essential part of a successful European response to the crisis. Europe and European countries must not repeat the recent mistakes of bail out plans and recovery packages to save the banks and keep the 'business as usual' economy turning. Many of these investments potentially risk exacerbating the ecological crisis.



HOW TO USE PUBLIC MONEY FOR PUBLIC GOODS

Based on the shortcomings of the current EU budget, WWF proposes '8 Guiding Principles' for the next Financial Perspective:

Key goals

Invest in a green economy that improves well-being within ecological limits of the planet:

- Answer the climate change challenge
- Tackle the biodiversity and natural resources crisis



WWF's Guiding Principles

1. Invest in climate change mitigation and adaptation, biodiversity conservation and natural resources management

EU funds should invest significantly more in climate change mitigation and adaptation measures, and in conservation and sustainable management of biodiversity and natural resources, including water. The potential for jobs created in these sectors is huge¹⁰. All EU funds should be climate, energy efficiency and biodiversity resilient and sensitive.

2. Eliminate harmful subsidies

Currently positive efforts to make the economy more sustainable or to green the budget are being undermined by environmentally harmful subsidies, which must and can be stopped through climate and biodiversity screening and reviewing of spending decisions. This will free substantial amounts of money to reinvest in a green economy.

3. Support sustainable development outside the EU

Externally, EU funds need to support sustainable and equitable development and enhance environmental protection. The EU must lead the way to a new development paradigm at international level, with sustainability as the core requirement.

4. Target payments to the delivery of clear outcomes

All payments from EU funds should depend on the delivery of environmental public goods, additional to business as usual. Measurable objectives and targets should be a clear requirement of each planning, programming and implementing phase.

5. Ensure transparency, accountability and participation

European public budgeting and spending must be based on principles of full transparency, accountability and meaningful participation of all stakeholders including civil society, and be subject to regular evaluations by national and European authorities.

6. Focus on projects delivering the highest added value

EU funds must concentrate on projects delivering the most public benefits at European level and reflecting European priorities. Respecting the law is not a sufficient enough requirement to receive EU support on its own.

7. Improve implementation of environmental safeguards

Strengthen the implementation of environmental safeguards, and strengthen monitoring, evaluation and audits of environmental impacts of EU funded projects and programmes.

8. Apply 'beyond GDP' indicators

Attribution of EU funds should be based on environmental and social indicators in addition to economic indicators. Until now we have relied on GDP indicators to sound the alarm; however it failed to do that for the current crisis. Other indicators need to be included to provide a holistic view of society, the economy and the environment, which all contribute to citizens' well-being.

10 WWF, *Low-carbon jobs for Europe – Current Opportunities and Future Prospects*, June 2009

STRENGTHENING THE NEXT EUROPEAN BUDGET

WWF formulates specific demands in seven priority areas :

EU Budget and Climate Change



Climate change was the main issue mentioned in the public consultation on the EU budget¹¹. It must become one of the key drivers in the next Financial Perspective :

- Eliminate subsidies harmful to climate, notably projects locking Europe into long term high carbon path such as intensive energy infrastructures, road and air transport and intensive farming practices.
- Require climate mitigation and energy efficiency gains from all EU funds.
- Support the energy infrastructures able to deliver 100% renewable energy for Europe by 2050, with both upgraded, new and smart grids.
- Only support energy R&D leading to highly efficient renewable energies and to a low carbon, non nuclear economy.

EU Budget and Biodiversity



Natura 2000 is Europe's best success story in protecting biodiversity. WWF has developed the following recommendations for Natura 2000 financing :

- Ensure sufficient funding for Natura 2000 : 3 to 4.5 billion € per year should come from the EU budget (50 - 75 % of the total costs of Natura 2000).
- Establish mandatory National Natura 2000 Financing Programmes : this would be the key tool to address the main priorities over the period and increase transparency, coherence and monitoring.
- Eliminate subsidies harmful to biodiversity and require all EU funds to show sensitivity to biodiversity.
- Multiply by five the budget of the dedicated fund for the environment : LIFE+.
- Biodiversity is a cross-cutting issue. As a result Natura 2000 must improve the 'integration approach' to finance itself through all EU funds and improve its implementation through national financing programmes.
- Provide a fully transparency of EU funding for biodiversity. In addition, all relevant EU funds must include Natura 2000 related indicators for their performance.

¹¹ European Commission, http://ec.europa.eu/budget/reform/conference/documents_en.htm

EU Budget and Water



The Water Framework Directive is a successful and ambitious European policy for water, but its adequate implementation needs financial means:

- Provide sufficient funding from the EU for innovative measures developed under the Water Framework Directive, including for international cooperation.
- Eliminate harmful subsidies hampering sustainable water management, notably those increasing water over-consumption like irrigation in water scarce regions, and ensure EU investments are sensitive to water issues.
- Improve the integration approach of water concerns in all funding lines and provide full transparency of EU funding.
- Ensure appropriate funding for ecological flood risk management under the Flood Risk Management Directive.

EU Budget and Agriculture



WWF has developed a new Common Environment and Rural Policy (CERP) to replace the old and increasingly outdated Common Agricultural Policy¹². The new CERP would include a first level for basic payments for environmental maintenance and mitigation, and a second level for environmental enhancement and restoration (e.g. High Nature Value farmland, Natura 2000 sites, Water Framework Directive). It would have the following main features:

- Provide a model of sustainable agriculture: the new rural policy would help to establish a sustainable agriculture based on the efficient use of inputs, energy and natural resources.
- Implement the Polluter Pays principle: all beneficiaries must demonstrate compliance with a strong regulatory framework. Projects in violation of standards must not receive public funds.
- Target payments to the delivery of clear outcomes: through management plans, payments should be linked to defined environmental and socio-economic public benefits in rural areas.
- Offer a long term safeguard of supplementary income for farmers.
- Provide a fully transparent and efficient use of taxpayers' money.

EU Cohesion and Structural Funds



EU cohesion and structural funds should be targeted to deliver European public goods and avoid counter-productive projects¹³:

- Invest in the well-being of European citizens through projects contributing to a green economy.
- Improve and invest in climate change mitigation and adaptation measures. Cohesion and structural funds should contribute positively to climate and energy efficiency outcomes.

¹² WWF, *Reforming the CAP – WWF vision for Rural Europe 2014 and beyond*, September 2009. See also BirdLife, EEB, EFNCP, IFOAM, WWF, *Proposal for a new EU Common Agricultural Policy*, March 2010

¹³ See also BirdLife, *Friends of the Earth Europe, CEE Bankwatch Network, WWF, The need for a reform of the future EU Cohesion policy: putting our money where our mouth is*, January 2010

- Invest in conservation of biodiversity and sustainable management of natural resources.
- Improve the monitoring and evaluation of environmental impacts.
- Strengthen environmental safeguards at design and implementation stage and increase partnerships on all levels including better access to information.
- Improve administrative capacity, especially in new Member States.

EU Budget and External Dimension



WWF believes that the external dimension of the EU budget must be strongly reinforced, to respect European climate commitments for poor countries and credibly lead the way for a new sustainable development model:

- Increase support for biodiversity and climate change adaptation and mitigation measures in developing countries, and mainstream environmental considerations throughout all the external policies and financial instruments.
- Significantly increase (at least double) the financial support for investments in development.
- Target Least Developed Countries so that they receive the bulk of EU development money.
- Improve transparency, coherence, efficiency and accountability of European support outside EU, including the budgeting of the European Development Fund (EDF).
- Ensure the EU funds for Neighbouring and Accession countries fully support convergence with EU environmental policies.

EU Budget and Fisheries



European fish subsidies must not be used for depletion of fish stocks in Europe and around the world:

- Eliminate harmful subsidies such as fuel subsidies or temporary cessation of activities. In addition, vessels that violate the law must not receive public money.
- Link payments to defined outcomes through long term management plans of all fisheries.
- Prioritise funding to enable fisheries to meet the range of targets identified within a long term management plan: capacity reduction, reduction of discards, minimising habitat impacts, economic diversification, research and controls.
- Ensure coherence between reformed Common Fisheries policy and development policy, notably Fisheries Partnership Agreements that should only support the implementation of sustainable fisheries in third country's waters.

MAKING THE EU BUDGET WORK FOR EU CITIZENS

The EU budget must be radically reformed to reflect the enormity of the systemic crisis ahead. The next budget must serve a new long term vision for Europe and the world, based on the well-being of citizens in a one planet economy. There are immediate social and economic benefits to investing in our planet.

The EU can and must take responsibility. It must ensure that citizen's money is properly invested in an economy of the future, which will safeguard them, their children and generations to come.



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This programme is implemented with the support of the European Union.
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Why we are here

To stop the degradation of the planet's natural environment and
to build a future in which humans live in harmony with nature.

www.wwf.eu

Published in September 2010 by WWF-World Wide Fund for Nature (Formerly World Wildlife Fund), Brussels, Belgium.
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