



December 2017

Position on the post 2020 MFF

Representing 71 civil society organisations in the European People's Budget campaign advanced by SDG Watch Europe, an EU-level, cross-sectoral CSO alliance, we call for ambitious reform of the future Multiannual Financial Framework (MFF) to advance a Future of Europe that Europeans can believe in. A transformational, people centered, and fully sustainable EU budget holds the key to many of the challenges facing Europe. The overarching solution we call for, is to introduce specific reforms to bring the MFF in line with sustainable development, including ambitious implementation of the Sustainable Development Goals.

Unfortunately there is ample evidence and examples which prove that the current MFF is not sustainable, and fails to meet social, environmental, as well as economic objectives. As the work of the High Level Expert Group on Sustainable Finance (HLEG) makes clear, reforms are needed to unlock the potential of the MFF to help catalyse sustainable finance.

We call on the European Commission and Member States to meet the challenge of a transformational and more coherent MFF by **introducing sustainability proofing**¹ for the next MFF for both internal and external funding. This is also in line with the recommendations of the HLEG, which provide several possibilities, including to 'sustainability test' all future EU financial regulations and policies. If done right, sustainability proofing in the MFF will result in improved policy coherence, transformational spending, and fairer access to finance for citizens, including the vulnerable. It can help the MFF deliver on the following **ambitions** necessary to revive the European project:

- The EU budget should serve the **Sustainable Development Goals** both inside and outside Europe and be fully in line with the **Paris Agreement** on climate change and the **Charter of Fundamental Rights** as well as international human rights standards,
- The **European Semester** should be transformed to deliver "Annual Sustainable Development Surveys" and help to channel EU funding to the identified priority areas,
- EU funding decisions made upon the **EU value added** and the measurement of **results** should be coherent and balanced among all three dimensions of sustainable development at the same time as enshrined in the Treaty,
- The EU budget should strengthen **common European values** in Europe and globally,
- The EU budget should **work for the people and with the people**, with greater transparency and meaningful participation of the citizens,
- The EU budget should **increase social inclusion** and provide financial means to implement the European Pillar of Social Rights,
- EU funding should be catalytic in the **transition to circular economy**, and prevent any wasteful spending for unsustainable infrastructures like investment in fossil fuels and environmentally harmful practices,
- The EU budget should support the **transition to sustainable food, farming and land policy**, to restore and maintain ecosystem services and protect our natural resources such as biodiversity and water.

The Annex of this position includes a set of **policy recommendations** illustrating policy snapshots of how sustainability proofing could be introduced in order to realise these ambitions.

¹ Sustainability proofing is an integrated approach to mainstream sustainable development into the MFF and to realise its transformational impact. At horizontal level, it involves a streamlined application of a simple set of existing and improved tools within the MFF governance framework, which can significantly increase policy coherence and the efficiency of EU funding. At sectoral level, a sustainability proofed budget requires specific reforms to bring spending in line with the SDGs, and innovations to maximise benefits for citizens from the way EU finance is spent.



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Annex - Suggested measures for sustainability proofing the next MFF

Sustainability proofing for the next MFF should provide a new approach in the planning and implementation with a view to putting sustainability at the heart of the MFF, and serve the implementation of the Sustainable Development Goals. Sustainability proofing is thus a tool to ensure that environmental integrity is maintained as a precondition for any development, while economic and social development serve the objective of increasing human well-being. It is a stepwise process with the application of targeted substantive, procedural and institutional measures to increase policy coherence both in the policy and implementation cycles in internal and external funding. It builds on the streamlined application of a simple set of existing and improved tools within the MFF governance framework, which can significantly increase policy coherence and the efficiency of EU funding. The recommendations below should form part of the new framework based on a set of eight inseparable sustainability principles, as suggested by SDG Watch Europe.



SUSTAINABILITY PRINCIPLE 1. The EU budget should **work for the people and with the people**, with greater transparency, and respectful of diversity and meaningful participation of the citizens. It should amongst other things:

- Introduce an **ex ante conditionality on the partnership principle to ensure it is correctly applied**, by transposing the key elements of the Code of Conduct into ex ante conditionality applicable to all major internal funding streams. *See more detailed recommendations [here](#).*
- Invest in new and innovative **digital tools and platforms** to increase transparency and make information about the objectives, beneficiaries and results of the MFF more visible and accessible to all citizens and investors.
- Increase the engagement of civil society in the design, delivery and evaluation of EU funding, such as through introducing **pilots for participatory budgeting** for sustainable development, introducing gender budgeting methodologies, and establishing **citizen conventions** in the future EU research funding framework. *See more detailed recommendations about citizen conventions [here](#).*



SUSTAINABILITY PRINCIPLE 2. The EU budget should **strengthen common European values** in Europe and globally. It should, amongst other things:

- Introduce **regular independent assessments of the rule of law** in all MSs coupled with potential financial incentives and the requirement of corrective measures within the MFF planning framework, which can ensure the deployment of EU funds in line with European values and the right enabling environment for efficient investment.
- Set up a new internal funding instrument for **enhancing democracy and protecting civil space** in the MSs, which can safeguard European values and fundamental freedoms throughout Europe, support European citizens' engagement in building the future of Europe and can also react to unfavourable trends in the erosion of European values, upon which the EU is founded. *See more detailed recommendations [here](#).*



SUSTAINABILITY PRINCIPLE 3. The EU budget should **increase well-being** and contribute to **decreasing inequality and social exclusion** at all scales. It should, amongst other things:

- Develop new instruments to better mainstream **social inclusion** into all EU funding decisions across all funding lines, which can prevent any negative impacts of the use of EU funds on social equality in the future, as well as launch a new, targeted programme; *See more detailed recommendations [here](#).*
- Introduce **social indicators** for the allocation criteria for **cohesion funds**, using the newly adopted European Pillar of Social Rights as a starting point and namely the Social Scoreboard.
- Strengthen and extend of the social inclusion ex-ante conditionalities of the Cohesion funds, including the **transition from institutions to high-quality community-based services** that promote social inclusion.



SUSTAINABILITY PRINCIPLE 4. The EU budget should take a holistic approach, support **systems change and promote innovation**, which is required for the transition to sustainability and building a circular economy. It should amongst other things:

- **Stop funding unsustainable (infra)structures** in all sectors from industry through energy and transport to agriculture and water, which create “lock- in” for the European economy and delays the European transition to a circular economy.

- **Increase the knowledge and capacities** of private and public entities to develop and participate in circular thinking and solutions in all sectors, and better focus the future research programme FP9 to contribute to sustainable development, especially in areas, where public funding is critically needed.
- Better **integrate the use of various funds** to serve coherent economic, social and environmental objectives with a view to efficiently respond to major challenges, such as to enable the just transition of carbon intensive regions or fight energy poverty.
- Improve CAP coherence and serve the **transition to sustainable food, farming and land use policy in Europe**. Use CAP as an instrument that allows farmers to make the necessary steps towards greater sustainability and rewards those, who deliver public goods based on a whole farm system approach.
- Make **energy democracy** - citizen owned renewable energy - a reality. Create targeted financing programmes that unlock innovative financing and help citizens and communities work together to access finance for small scale renewable energy and energy efficiency projects.



SUSTAINABILITY PRINCIPLE 5. The EU budget should serve a **diversified and resilient economy and society**, where the full potential of all communities, organisations and businesses of any size is fully achieved. It should, amongst other things:

- Adjust the funding requirements to the diversity of the communities, organisations and businesses, and ensure that the future system carefully considers **the financial needs and capacities of the different beneficiaries**.



SUSTAINABILITY PRINCIPLE 6. The EU budget should serve the **public good**. It should, amongst other things:

- Base all decisions about EU funding on a **distinctly defined and balanced definition of the EU value added**, which equally considers the three dimensions of sustainability as enshrined in the Treaties and builds on the EU's aim to promote peace, its values and the well-being of its peoples. *See more detailed recommendations [here](#).*
- Transform the **European Semester** to deliver "Annual Sustainable Development Surveys" with balanced attention to the social, economic, environmental and governance dimensions and help to channel EU funding to the identified priority areas.
- Introduce a new **ex ante conditionality on sustainability proofing for all internal funding** on national level. This can help remedy the acknowledged difficulties in mainstreaming sustainable development in the current budget, particularly in non-

environmental thematic objectives, and provide part of the solution to ensuring a coherent and catalytic EU budget. *See more detailed recommendations [here](#).*

- Increase the effectiveness of the ex ante conditionalities by introducing **mid term and ex post evaluations** to ensure the durability of their achievements.
- Focus on **delivering results** of the EU budget in all four dimensions of sustainability (environmental, social, environmental and governance) and introduce **indicators for each dimension** in all funding streams.
- Ensure that **aid/development effectiveness principles**, which are fundamental for delivering on the SDGs, underpin all forms of EU development cooperation.



SUSTAINABILITY PRINCIPLE 7. The EU budget should contribute to **decreasing total environmental pressures** (use of natural resources, use of land and emissions of waste, toxic substances, greenhouse gases and alien genotypes) to return to within planetary boundaries, and should not contribute to shifting of environmental pressures in time and space.

- Bring the EU Budget in line with the Paris Agreement on Climate Change: **exclude all support for fossil fuels**, and increase the level climate mainstreaming of the next MFF to 50% to ensure the EU Budget is catalytic for climate action.



SUSTAINABILITY PRINCIPLE 8. The EU budget should contribute to improving the **state of environment** and maintaining and restoring **ecosystem services**, which is the very foundation of our society and economy.

- Clearly **ringfence money** for biodiversity (Natura 2000 and beyond) and restoring ecosystem services, and improve the effectiveness of the integration approach to financing biodiversity in all relevant funds, such as CAP and regional funds. Dedicated money for biodiversity has to be co-managed by **national and regional environmental authorities**.
- Significantly increase the budget of **LIFE** and keep it centrally managed in order to continue its valuable contribution to improving the state of environment and conserving European natural values.
- Fully use the potential offered by **green infrastructure** and nature based solutions to deliver services for the society in a cost efficient way through improved decision making process in agricultural, rural and regional funding, as well as create a **dedicated funding instrument** in a transboundary context to create a Trans-European Network of Green Infrastructure (TEN-G).