

STAKEHOLDER VIEWS on the next EU budget cycle



Introduction

In 2015 the EU and its Member States signed up to the Sustainable Development Goals (SDG) framework. This is a new global framework which, if fully implemented, will promote a badly needed transition towards a more sustainable future for humanity and for the planet. The EU must now start to deliver on its SDG commitments. This will mean re-thinking, and in many cases changing the way in which the EU does its business, including the design of the EU budget.

The new EU budget cycle starting in 2021 will set the structure and define the spending priorities for the annual EU budgets for seven years. There is a real opportunity to make the new EU budget cycle become a key driver of sustainable development in all its four key dimensions - the social, environmental, economic and governance dimensions. The European Commission's proposal for a new framework for the next budget period is expected by the end of 2017.

This survey has been designed by the European cross-sectoral civil society alliance, SDG Watch Europe. The alliance has decided to survey a range of key EU stakeholders to see what they think about how the new EU budget cycle post 2020 can promote sustainable development more effectively than the current one.

The specific aims of this survey are (i) to gather views on the current EU budget and how experts think that it brings added value (i.e. over and above national budget expenditure) to the life of EU citizens, and to those the responding experts work with and on behalf of and (ii) to explore how the new EU budget cycle 2021-2027 can be improved so as to deliver on better outcomes for the people and the planet.

Methodology

Between 6 January and 1 March 314 responses were collected from various stakeholders using the online platform of google forms. The stakeholders were approached within the membership of SDG Watch Europe members, through direct emails (sent to more than 4400 contacts

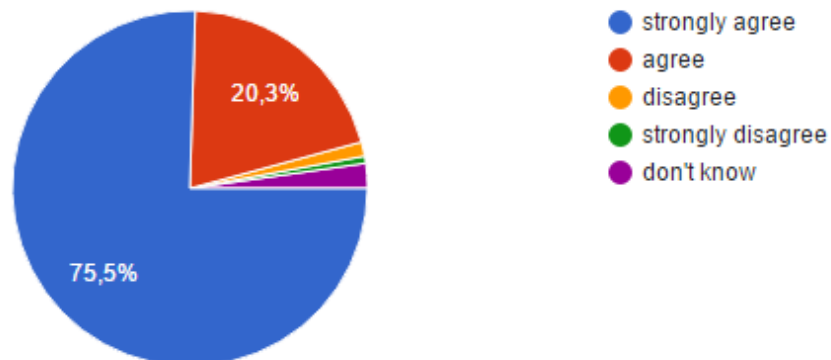
covering different policy fields) and thematic email lists.

The responses went through a quantitative and a combination of qualitative and quantitative analysis for open questions. The qualitative analysis was done based on well researched social research methodology including the following stages in the qualitative analysis for each open question: 1. reading all the answers and identifying major themes, unusual approaches and types of categories, 2. reading the text again and annotation, 3. coding the answers systematically, grouping, eliminating the codes using the coding frame, 4. setting up the coding hierarchy to identify major themes and types of codes 5. quantitative analysis of the answers based on the coding frame and the coding hierarchy. An analysis of these responses is provided below. Even though many responses provided to the survey reflect the views of several SDG Watch Europe members, the summarised views below cannot be regarded as the official position of SDG Watch Europe about the future EU budget.

Stakeholder views on the next EU budget cycle

Question 1. The EU budget should be a key driver for a more sustainable future for Europe.

Almost all of the respondents (95.8%) agree or strongly agree with the question statement, while less than 2% would disagree or strongly disagree.



Question 2. How could the new EU Budget cycle (post 2020) better contribute to improving people's lives and their well-being, within Europe and externally?

The most important outcome of the replies (in 59 instances) is that the EU budget cycle should pay more attention to the **well-being and the real needs** of the society. When elaborating on the real needs of the society, respondents often mention investing in youth, families, research, health and education.

The second most prevalent opinion (in 36 instances) calls for an EU budget contributing to a **green economy**, which would be less dependent on fossil fuels, exempt from harmful subsidies, while more innovative in using renewable energies, and thus pollute less. Creating jobs was also mentioned by several (7 responses).

Replies also widely mention (30 responses) **Sustainable Development Goals and sustainability**, as making the EU budget implement the SDGs and mainstream sustainability aspects would help to make it increase people's wellbeing.

EU funding should be also able to **reflect on local needs** (mentioned in 16 cases) and thus address the differences among Member States, give more power in the implementation of the projects to local communities and authorities, and thus enhancing subsidiarity.

Several respondents also emphasize the need to make the EU budget more **transparent**, since EU citizens want to know what kinds of projects receive the funds, how they use them and for what purpose. Stakeholders also call for better monitoring by European institutions, which are independent from Member States, stricter **checks** both before the start and after the end of the project, and also sanctions in case of non-compliance with the criteria.

Question 3. In what ways could the next EU budget cycle be better designed to strengthen the social dimension of the European Union (i.e. social inclusion, poverty eradication, tackling inequality, social protection, etc.)?

Many respondents stress the need for allocating **more funds** to social inclusion and social cohesion both at European level – among different Member States – and at local level. Many respondents ask to consider **social policy as an investment and thus call for mainstreaming** it in the EU budget (43 cases).

Calling for subsidiarity in the social spending within next EU budget cycle has been another important point in the replies (30 instances), which argue that local communities and authorities are more appropriate to take decisions and make practical steps towards social cohesion.

Putting more emphasis on **education and youth** and ensuring the well-being of next generations is also often mentioned. They argue that educating young people and children means making them able to face future problems including social challenges.

Question 4. In what way could the next EU budget cycle better designed to improve the quality of environment (i.e. sustainable use of natural resources, tackling climate change, halting the loss of biodiversity, reducing pollution, etc.)?

Most respondents highlight the need to make a transition to a **low carbon economy** with the help of the EU budget (59 mentions), where increasing energy efficiency, spreading renewables, and stopping the waste of energy is prioritised. The **phasing out of**

environmentally harmful subsidies is also widely called for (31 instances) most importantly in the energy and agricultural sectors. Replies at the same time also call for creating green jobs.

To make this happen, respondents also urge **mainstreaming environmental and climate aspects** in the EU budget and other policies (53 instances) and also mention sustainability proofing as a methodological framework. This is also in line with the ask to connect the EU spending more to SDGs, which is constantly stated in the replies.

Respondents also stress that all EU spending should aim for preventing environmental damage of economic activities and also aim for the mitigation of climate change.

Replies to this question also emphasize the importance of local circumstances and thus call to increase the number of **small scale EU funded projects** implemented by local communities (14 answers). According to some respondents these projects should be financed even if they seem to have a smaller impact, but could significantly benefit local communities with different and specific needs. Other respondents (12) also stress the need for supporting **research** contributing to the transition towards a green economy.

Question 5. In what way could the next EU budget cycle better promote balanced economic development, within planetary boundaries?

Answers also to this question underline as an extremely important point, that **climate action and environmental protection** should be mainstreamed in the EU budget and thus in all EU projects. This means controlling the results, consequences and externalities of each and every project financed by EU funds.

Replies also urge that the EU budget cycle should devote more funds to the transition of the economy from the current domination of the economic growth paradigm to another model, where for instance social inclusion and the well-being of citizens is prioritised. Besides promoting the social dimension, respondents also state the importance of steps taken towards greening the economy, and building a **circular economy** (mentioned in 28 submissions). This would imply job creation in green sectors as well as eliminating harmful externalities of economic activities.

Similarly to previous questions respondents call for linking the EU spending more to the SDGs. Besides, they stress that the EU should take strong-minded actions against industries with harmful externalities, which do not comply with SDGs and environmental standards.

Question 6. In what way could the next EU budget cycle better promote good governance (i.e. accountability, transparency, participation, etc.)?

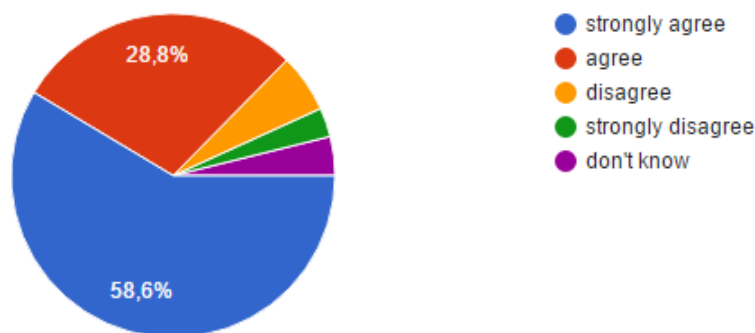
Many respondents ask for more **participation** – of citizens, NGOs, experts, local communities, etc. – (51 cases) in EU decision making processes and thus in influencing how EU money is spent, while one respondent specifically call for extending the partnership principle to all

programmes. This would contribute to making the budget cycle transparent, more efficient and adjusted to the real needs of local communities, as well as it would help to create ownership among EU citizens.

Strengthening the **monitoring** system is also mentioned (in 22 instances), which should also lead to consequences if needed. Respondents suggest that not only the funds, but every project should be subject to periodic controls and monitoring by independent experts. Respondents also call for enhancing the mobility capacity of these independent experts in order to meet personally, thus to exchange expertise and experiences.

Question 7. The next EU budget cycle should clearly direct public money to serve the public good and avoid serving private interests.

Most of the respondents (87%) agree with the question statement. The below graph show the distribution of the answers.

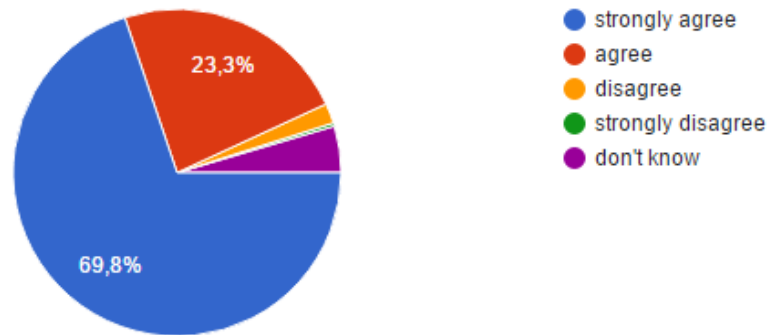


While the provided answers show some disagreement on the question statement (9% disagree with it), from the provided written answers it is also clear that the interpretation differs a lot on what can be regarded as “serving the public good” and “serving private interests”. Several disagreeing respondents suggested that those private actors, which generate positive externalities (e.g. delivering ecosystem services like carbon storage, creating jobs and contributing to people’s wellbeing and cultural activities) should be supported from public money, while from the question statement this could also clearly follow. More respondents (4) also mentioned the need to support competitiveness and research from public money. These varying interpretations clearly ask for a clear methodology of defining public good and making distinction between the types of support (like financial instruments or grants).

Agreeing respondents emphasise the need of greater transparency and regulation, and the potential of correcting market failures through providing public money (e.g. in the provision of essential medicines including antibiotics, public safety and health threats). Helping SMEs to overcome their difficulties in competing with big corporations on the market, and promoting public-private partnerships were also mentioned several times.

Question 8. The next EU budget cycle should increase policy coherence for sustainable development.

Most of the respondents (93%) agree or strongly agree with the question statement. The below graph show the distribution of the answers.



On the graph we can see that most of the respondents think that the next **EU budget cycle has a strong role to play in increasing policy coherence for sustainable development**. When analysing the more elaborated answers, they vary significantly on the ways of enhancing policy coherence.

Suggestions for achieving policy coherence include the taking a holistic view to avoid shifting negative impacts to other areas, horizontal integration of legislations, and aligning various interests, as well as enhancing cooperation among different sectors. Furthermore, respondents underline the need that EU policies and thus the EU budget should be aligned with global agreements, such as the 2030 Agenda or the Paris Agreement. It is also mentioned to develop new policies for a post-growth society, where the economy serves the public good.

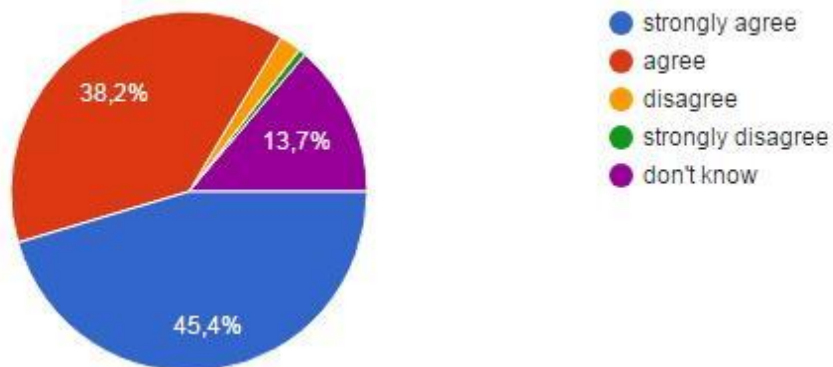
Respondents also touch upon obstacles in the way of achieving policy coherence. These include contradictory sectoral policies, the strong power of corporations, prioritization of some sectors in funding, as well as the weak communication skills of NGOs.

There are also examples mentioned on how policy coherence can be increased. For instance some respondents mention phasing out the perverse subsidy system favouring fossil fuels and intensive, productivity oriented agriculture, while others highlight sustainable, green, circular economy and community owned energy to be supported.

Interestingly those respondents, who disagree or strongly disagree with increasing policy coherence in the next EU budget cycle (7 responses) almost all agree (2 respondents) or strongly agree (4 responses) with making the next EU budget a key driver of sustainable development (with one of them answering don't know).

Question 9. The next EU budget cycle should include incentives and/or conditionalities to increase the efficiency of the use of EU funds by MSs.

Most of the respondents (84%) agrees or strongly agrees with the question statement, but this question received the most “don’t know” answers in the survey as well. The below graph show the distribution of the answers.



On the graph we can see that most of the respondents think that the next EU budget cycle should contain incentives, conditionalities to increase the efficiency of the use of EU funds. From the elaborated answers what aspects people hold important in using incentives and conditionalities.

Among the practical suggestions for applying conditionalities respondents mention applying ex ante and ex post conditionalities (e.g. anti-discrimination; gender equality, implementing environmental objectives) to all EU funding instruments.

In addition increasing transparency, reducing corruption in EU spending, as well as mitigating the administrative burden of project application and reporting are important for the respondents in applying incentives and conditionalities. Besides these, respondents also mention the added value of involving more NGOs in implementing the EU budget cycle for instance through creating level playing field in the application process. Respondents also call for more focus on delivery, follow up, verification and communication of successes.

Responses touch upon how Member States would be able to implement the EU budgetary framework more effectively. Suggestions include on one hand providing them more guidance and support on how to spend EU money according to their needs, and thus creating ownership. On the other hand, respondents also suggest regulations to increase transparency and accountability, and even propose sanctions for those state or non-state actors, which do not keep to these rules or don't meet certain green or sustainability criteria in project implementation.

Question 10. Please suggest guiding principles for the next EU budget cycle that would help it to better deliver on sustainable development (social, environmental, economic and governance/participation)

Respondents provide huge variety of answers regarding the principles for the next EU budget cycle, where some are general, some are very practical, and some of them focus on social and environmental challenges. From the listed general principles sustainable development, adaptation, subsidiarity, locality, transparency, accountability, policy coherence, holistic thinking, communication and cooperation are mentioned the most often. In addition to these principles trust, justice, democracy, efficiency, integration and innovation are mentioned in fewer instances.

Furthermore, answers often contain the strengthening of social and environmental aspects in EU budget spending. Among social principles, solidarity, promotion of human rights, as well as ensuring social equality are mentioned most frequently. Food and energy sovereignty is a principle related to both social and environment aspects. Other suggestions related to environment are rather practical, namely supporting circular economy, the spreading of renewables, promoting sustainable resource management and agriculture.

Respondents also provide practical suggestions for improving EU spending through making the application simpler, using easy to understandable language, providing eligibility criteria, pre-checks and horizontal assessment. Furthermore, answers emphasize also the role of proper monitoring, control and even sanctioning. Respondents would more involve civil society and the youth, and they would support multisectoral international alliances. In terms of targeted support, education and capacity building are mentioned the most. Respondents also often refer to meeting the Sustainable Development Goals.

Question 11. Please give example(s) of existing and/or possible future good practice in relation to EU spending, which would promote sustainable development in all its dimensions (social, environmental, economic and governance/participation)

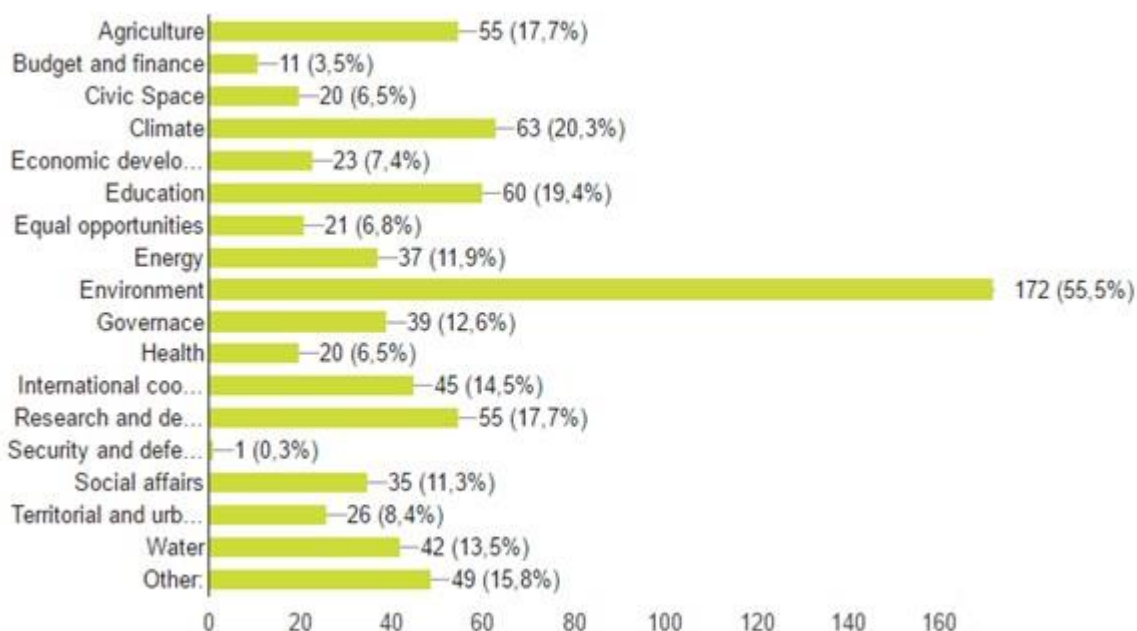
Respondents give huge variety of examples, which include (potential) best practices targeting environmental, social, as well as cross-sectoral challenges. Examples contain *inter alia* projects related to integrated land and water management enhancing regional development, and supporting the implementation of policy tools for ensuring sustainable and fair energy services for all (e.g. through basic income or tradable energy quotas).

Among the European funds EU Life+ is often mentioned as a well-working support mechanism in relation to EU spending, next to programmes such as the INTERREG, DEAR, the Horizon 2020, Erasmus+ or the agri-environmental schemes within the CAP.

When respondents mention what should be improved or changed within the EU spending, the suggestions include supporting rural development and sustainable agriculture, promoting education and capacity building, having stronger monitoring system, which includes environmental aspects as well. Furthermore, respondents would favour NGOs, SMEs, smaller local communities benefiting more from EU spending through multisectoral partnerships and direct funding.

Respondents' profile

More than half of the respondents come from environmental field, which is followed by stakeholders with backgrounds of climate, education, agriculture, research and development and other fields.



The questionnaire also reveals where respondents work. Most of them work at EU level (17,4%), followed by the stakeholders working in Hungary (11,3%), Poland (8,7%) and Belgium (8,7%). The other responding organizations spread out widely across Europe.

European Union: 17,4% (54)
 Austria: 1,9% (6)
 Belgium: 8,7% (27)
 Bulgaria: 1,6% (5)
 Croatia: 3,9% (12)
 Cyprus: 1% (3)
 Czech Republic: 2,9% (9)
 Denmark: 2,3% (7)

France: 2,9% (9)
 Germany: 5,5% (17)
 Greece: 0,6% (2)
 Hungary: 11,3% (35)
 Ireland: 1% (3)
 Italy: 6,1% (18)
 Latvia: 2,3% (7)
 Lithuania: 2,3% (7)
 Malta: 1% (3)
 Netherlands: 1,3% (4)

Poland: 8,7% (27)
 Portugal: 0,3% (1)
 Romania: 1% (3)
 Slovakia: 3,2% (10)
 Slovenia: 0,6% (2)
 Spain: 2,6% (8)
 Sweden: 1% (3)
 UK: 1,9% (6)
 Other: 3,2% (10)

Most of the respondents have first-hand experiences with EU funding (85% of the respondents'

organization have already applied for it before). The table below shows the types of funds that the respondents themselves have applied for.

European Regional Development Fund (ERDF): 28,3% (75)
European Social Fund (ESF): 14,7% (39)
Cohesion Fund (CF): 11,7% (31)
Development Cooperation and Awareness Raising (DEAR): 14% (37)
European Agricultural Fund for Rural Development (EAFRD): 9,4% (25)
European Maritime and Fisheries Fund (EMFF): 1,9% (5)
European Agricultural Guarantee Fund (EAGF): 1,9% (5)
Horizon 2020: 41,5% (110)
LIFE: 45,3% (120)
Creative Europe: 5,3% (14)
Grants or contracts from other funds: 33,6% (89)
Other: 23% (61)