

# EU Civil Society Contact Group

## A value and rights based EU budget for the future

### EU Civil Society Contact Group contribution to the EU budget review consultation

3 April 2008

*The EU Civil Society Contact Group brings together some of the biggest European platforms of public interest organisations coming from different sectors – culture (EFAH), development (CONCORD), environment (Green 10), human rights (HRDN), lifelong learning (EUCIS-LLL), public health (EPHA), social issues (Social Platform) and equality between women and men (EWL). Encompassing hundreds of European NGOs and thousands of national affiliates, together we work to develop a common vision for the European Union and the dialogue between public interest organisations and the EU institutions as an essential part of strengthening participatory democracy. [www.act4europe.org](http://www.act4europe.org)*

For a long time the EU budget has been the result of horse-trading between national interests. It is time for the EU budget to become a real European budget serving the public interest. This consultation is about a vision for the European Union and about the political will to translate this vision into reality for people. The EU budget is a tool to make this vision a reality for everyone. It needs to better reflect European values and policy priorities as anchored in the Lisbon Treaty. The Civil Society Contact Group therefore considers that the EU budget needs to better reflect European values and policy priorities as anchored in the Lisbon Treaty.

The members of the Civil Society Contact Group share a vision of European integration, which opposes the drift to purely economic goals, but instead builds a European Union that:

- Is built upon and promotes the European social model, the international rule of law and sustainability with its economic, social and environmental dimension;
- Is close to its citizens, respects and reflects the diversity and equality of all women and men living in Europe;
- Builds an institutional framework which is truly effective, democratic and participatory, transparent and accessible, and develops the role of Europe in the world as a positive and stabilizing force;

The EU budget should reflect a vision of a world in which poverty is unacceptable, where decisions are based on social justice and upon our responsibility to future generations, and where every person has the right to live in dignity, free from poverty, in a healthy environment and in harmony with nature.

The EU Civil Society Contact Group has discussed and agreed on the following principles that should guide the EU towards a value and rights based budget, financing priorities that matter for people and a better governance system.

The EU Civil Society Contact Group calls on the EU heads of states and governments, the members of the European Parliament and the European Commission to respect and enhance the following principles in future budget negotiations and decisions:

- The EU budget must respect and promote the values and rights as outlined in the Lisbon Treaty and contribute to achieving the Treaty aims and objectives
- EU money is public money and it must serve the European public interest
- EU funds must respect the principle of solidarity
- Sustainable development must be the overarching goal of a new EU budget
- Public budgeting and spending must be a transparent and accountable process
- The process of public budgeting needs to allow for meaningful participation from public interest organisations
- EU funds must be allocated in a way that reflects the EU's policy priorities and that supports coherence within and between policies
- There must be an immediate end to all perverse subsidies
- EU spending should be subject to regular evaluation

## **1 Principles for a value and rights based European budget for the future**

***Principle 1: The EU budget must respect and promote the values and rights as outlined in the Lisbon Treaty and contribute to achieving the Treaty aims and objectives.***

The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect of human rights, including the rights of persons belonging to minorities. These values are shared by the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail (Article 2 of the Lisbon Treaty).

The aims of the European Union as set out in Article 3 of the Lisbon Treaty are as follows

“The Union’s aim is to promote peace, its values and the well-being of its peoples. (...)

It shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment. (...)

It shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child. It shall promote economic, social and territorial cohesion, and solidarity among Member States. (...)

It shall contribute to peace, security, the sustainable development of the Earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and the protection of human rights, in particular the rights of the child, as well as to the strict observance and the development of international law, including respect for the principles of the United Nations Charter. (...)"

The European Commission shall seek to transpose these objectives in both the structure and the priorities of the EU budget.

***Principle 2: EU money is public money and it must serve the public interest.***

EU money must be spent in a way that serves the European public interest as opposed to private interests. EU spending must contribute to achieving goals of interest to all people living in the EU as a whole. These goals include those set out in the EU Treaty. European public interest includes among others peace, socio-economic and territorial cohesion, internal and external solidarity and a healthy environment.

***Principle 3: EU funds must respect the principle of solidarity between and within Member States, regions and individuals. Wealth must be shared and redistributed to ensure that everyone can fully participate in society and enjoy a high quality of life.***

Redistribution should be an inherent component of European integration. Solidarity mechanisms are essential to guarantee that the project of the European Union goes beyond the construction of a European economic area.

We see added value for European spending when it

- promotes and allows for solidarity between and within EU Member States and regions
- promotes and allows for solidarity between the EU and other parts of the world
- promotes innovative policies and addresses central issues that need cross border and international action. Innovation is though only effective if EU policies and programmes trigger large scale effect, territorial coherence and long-term impact.
- gives incentives to Member States and partners in the world to set up the framework allowing everyone a high quality of life. By high quality of life we mean a healthy environment, access to decent work and life long learning opportunities, participation in culture, work life balance, access to services of general interest, possibilities to take part in public debates, legally binding social and political rights.

Rebates for individual Member States as result of unfair pressure and deals do not fulfil the principle of solidarity and complicate the system, thus hindering both the understanding and transparency of the EU budget.

***Principle 4: Sustainable development with its economic, environmental and social dimension, in Europe and globally, must be the overarching goal of a new EU budget.***

The EU Civil Society Contac Group calls on the EU heads of states and governments to reject the dominance of economic considerations. We want economic policies to serve the Treaty objectives and to bring about sustainable development that benefits the wellbeing of everyone. We are aware that the EU budget is a relatively small amount of money confronted

with big challenges. The challenges can only be effectively tackled if Member States put their budgets in line with the commitments they make at European level.

We urge the European Commission to use the objectives and policy guiding principles<sup>1</sup> listed in the EU sustainable development strategy to define the priorities and structure of the future EU budget.

To put sustainable development at the center of all European actions of course is not only a question of budget allocation but one of political will.

## **2 Principles for a better governance structure for the EU Budget**

***Principle 5: Public budgeting and spending at European and Member State level must be a transparent and accountable process. Without transparency and accountability, the public can neither monitor nor influence decisions and expenditures that affect people's lives.***<sup>2</sup>

People have the right to know how and for what purposes their money is spent. Transparency allows for public debate which is a basic principle of democracy. Transparency is also a prerequisite for accountability of the European institutions and decision-makers and in their interest. Transparency is crucial to overcome the apathy and cynicism of many citizens.

***Principle 6: The process of public budgeting at European and Member State level needs to allow for meaningful participation by public interest organisations.***

The participation article in the Lisbon Treaty (article II 8-b) reads:

- “ 1. The institutions shall, by appropriate means, give citizens and representative associations the opportunity to make known and publicly exchange their views in all areas of Union action.
2. The institutions shall maintain an open, transparent and regular dialogue with representative associations and civil society.
3. The European Commission shall carry out broad consultations with parties concerned in order to ensure that the Union's actions are coherent and transparent. (...)”

This needs to be applied to EU budgeting. Public budgeting has long been considered the exclusive role of the executive and the legislative. However public interest organizations can and should make positive contributions to the budget process. On the basis of their particular fields of expertise and their first hand experiences, they can contribute to better policy choices. A higher participation of women and discriminated groups in budgetary debates is necessary to ensure inclusiveness. The expertise of NGOs also helps to improve the quality and impact of expenditure. Participation in public budgeting can make public expenditure more effective. Furthermore the involvement of public interest organisations contributes to the accountability of decision-makers.

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<sup>1</sup> The key objectives are: environmental protection, social equity and cohesion, economic prosperity and meeting our international responsibilities. The policy guiding principles are: promotion and protection of fundamental rights, solidarity within and between generation, open and democratic society, involvement of citizens, involvement of businesses and social partners, policy coherence and governance, use best available knowledge, precautionary principle and make polluters pay.

<sup>2</sup> Interesting in this context is the conference report “A value based EU budget for the future – What role for NGOs?” on <http://act4europe.horus.be/module/FileLib/Report%20EU%20budget%20review%20conference.pdf>

***Principle 7: EU and Member States' funds must be allocated in a way that reflects the EU's policy priorities and that supports coherence within and between policies. Good governance methods such as gender budgeting should be applied to the EU budget.***

The EU must urgently make significant progress in achieving policy coherence. Coherence needs to be improved on four levels:

- between objectives, policies and the budget allocation
- between policy and implementation
- between actions in different policy areas
- between EU and Member States policies and spending

For this reason, the EU must systematically assess the impact of its decisions on public health, environment, diversity and equality, social cohesion as well as solidarity among and within Member States and worldwide.

EU-funded projects and programmes must be fully consistent with agreed policy priorities and strategies, and with relevant legislation. EU funds must not be released to recipients unless they comply with all relevant legislation.

Existing methods such as gender budgeting should be used and further developed to increase and maintain coherence. Gender budgeting is an important part of good governance consistent with the political commitments made in relation to equality between women and men.

We are aware that the EU budget is a relatively small amount of money confronted with big challenges. The challenges can only be effectively tackled if Member States put their budgets in line with the commitments they make at European level. Financial incentives are required to induce national and sub-national governments to adjust their policies to the EU priorities. EU Member States in their respective public budgeting also need to adhere to the principles as outlined in this document.

***Principle 8: There must be an immediate end to all perverse subsidies.***

Public money must be spent responsibly and always serve the public interest, following the principles of sustainability. All subsidies counteracting these principles must be phased out.

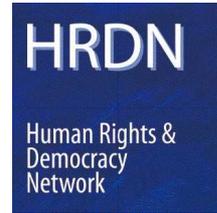
Expenditure in one category must not undermine overarching policy objectives of the EU. Such a situation, which we experience today e.g. in the agriculture and fisheries policies, goes against the principles of policy coherence, good governance, efficient use of public money, and also undermines the credibility of the EU.

For example, a large part of current EU spending on agriculture is supporting farming practices which contradict the interests of consumers, damage the environment, hurt smaller farms, hinder sustainable rural development, threaten public health and create inequity among Member States. This is absolutely contrary to EU objectives, such as reducing the pollution and degradation of biodiversity, promoting and protecting public health and social cohesion. These incoherencies need to be tackled.

Similar examples exist in the transport sector. EU Structural Funds often pay for big infrastructure developments and road building, indirectly causing an increase in CO<sub>2</sub> emissions, which are supposed to be regulated and reduced by targets set under other EU legislation. Often the EU is forced to correct and compensate such failures afterwards with even more public spending, e.g. for restoration of habitats or measures to reduce emissions elsewhere.

**Principle 9: EU spending should be subject to evaluation looking at their compliance and coherence with EU objectives as well as at efficiency and effectiveness**

Ensuring that EU money is allocated in line with the Treaty objectives and policy priorities is crucial and it is therefore equally important to control and monitor how money is spent and how far this contributes to the achievement of the policy objectives. To do so all EU spending programs should be subject to evaluation looking at their compliance with the Treaty objectives, their coherence with EU policy and strategies as well as their efficiency and effectiveness. This evaluation must be implemented in a participatory way using the provisions of the participation article (II-8 b) of the Lisbon Treaty.



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