

EU Civil Society Contact Group

Building a value based EU budget for the future What role for NGOs?

EU Civil Society Contact Group conference on the EU budget review

24 January 2008, Residence Palace, Brussels

REPORT

Introduction

The EU Civil Society Contact Group's conference on January 24 2008 attempted to stimulate the debate on the EU budget review among NGOs by asking

- Which priorities for the EU and how to reflect them in the EU budget?
- How can NGOs work in solidarity to influence the future EU Budget?

The conference aimed at encouraging NGOs to take part in the consultation that is running until April 15 and to follow the review also beyond that date.

Find the [program](#) of the conference here.

Conference Building a value based EU budget for the future What role for NGOs?

Fintan Farrell, chair of the Civil Society Contact Group, introduced the afternoon session by explaining that the NGO sectors coming together in the Civil Society Contact Group are convinced that civil society organisations can benefit from working together on the EU budget. On the basis of daily sectorial work - that often focuses only a narrow aspect of the EU budget – the Civil Society Contact Group hopes to develop a common vision for the EU.

Farrell explained that one success of this conference would be if many civil society organisations would take part in the ongoing consultation and even more if some common messages could be developed.

He went on to encourage people to look at public budgets not only as a technical exercise but as tool reflecting ideology and political conviction. That is where civil society organisations have a lot to say and their voices need to be heard.

Panel 1

"Which priorities for the EU and how to reflect them in the EU budget?"

While the morning session looked at the *Why*: Why is the EU budget important? And Why should civil society organisations engage? **Andre Wilkens**, Civil Society Contact Group representative, introduced the first panel by putting the focus on the *What*: What vision for Europe? What budget for the EU? The second panel would later be looking at the *How*.

Roshan Di Puppò, director of the [Social Platform](#), said that the Social Platform agreed with some of the trends that the European Commission identified in its communication but would add others. Di Puppò outlined four challenges the Social Platform members had identified for the EU:

- *Rising of inequalities:*
new forms of poverty
- *Demographic change:*
Solutions for care sector and equality between women and men are needed
- *Building a multicultural, cosmopolite society:*
How can we build an inclusive society that acknowledges diversity?
- *Third sector emergence:*
New ways for citizens to be active

Di Puppò explained that the objectives of a Social Europe may remain the same, but that it was interesting to look at *how* to achieve them. The Social Platform defends a change of paradigm from growth and jobs to social and sustainable development. The EU budget should be used to help member states to make this change happen.

Nick Maybe, chief Executive of [E3G](#), put that the EU budget should promote solidarity, prosperity and security for European citizens in a way that make sense in the 21 century. He was in line with Di Puppò, that there is no need for new objectives, but that it is necessary to agree on their meaning. He underlined the need for the EU budget to focus more on the EU's role in the world. This covers the following three elements:

- *Delivering climate and energy security:*
Investment in renewable energy and low carbon economies
- *Building a save neighbourhood and world:*
Investing in regional institutions (e.g. African Union), foreign action service and funding for peace-building civil society organisations
- *Enhancing innovation for public wellbeing:*
Invest public money for public goods in areas that are underprovided with innovation (e.g. new forms of transport)

Maybe also talked about the role of NGOs in this debate and outlined three aspects where they can add value:

- *Set political agenda:*
By defending the principle of public money for public interest and avoid horse-trading
- *Focus on the EU's added value:*

- By focusing on what can only be done at EU level
- *Reconnect with European people:*
Promote a democratic renewal e.g. by organising a deliberative pool on the EU's budget priorities and/or by asking people to allocate the budget between large categories of internal and external spending in the 2009 European elections. The result could serve as guide for the elected parliamentarians.

Helga Trüpel, Green member of the European Parliament's Budget Committee, pointed at four major challenges that a new EU budget would need to meet:

- *Change the common agriculture policy:*
No more subsidies for agricultural exports
- *Fight against climate change:*
invest in research and development of renewable energies and support a sustainable economy
- *Education, culture and citizenship:*
Invest in student exchange, lifelong learning, cultural exchange and intercultural dialogue
- *Crisis prevention*

Trüpel underlined the importance of NGOs engaging and building political pressure.

Eulalia Rubio, from the think tank [Notre Europe](#), described the positions they had found when organising a seminar on the EU budget in 2007. On the one hand were mostly economists defending a *technical position*. They pleaded for the use of technical criteria to define EU spending. The concepts of EU public goods and the added value of the EU were used to argue that the EU spending should concentrate where most efficiency gains could be reached at EU level. This led to radical and quite simplistic recommendations such as:

- reduce agriculture spending
- reduce cohesion spending
- concentrate on specific investments within the Lisbon agenda for innovations and infrastructure

On the other hand there was a group defending a *political position* and opposing the technical approach. This group was unable to find a language that could convince the non-convinced. Rubio therefore strongly recommended using the technical concepts to communicate a political message. The risk of being criticised as partial or defending a narrow interest can be limited by using this terminology.

Rubio also mentioned three other aspects to keep in mind when discussing the EU budget:

- *Thinking in aggregate terms:*
It is important to be aware of national and local spending in a certain domain to credibly argue for or against EU spending
- *Spending is just one of the EU's instruments:*
We always need to think how spending can be combined with other tools such as coordination or regulation
- *Combination of spending:*

EU spending can be combined with national or private spending

The [Green 10](#), were represented by **Konstantin Kreiser** from BirdLife International, who announced some of the ten principles the Green10 defend for the EU budget review.

- The EU funds must contribute to make the EU the most energy efficient economy in the world
- The EU budget needs to reflect policy priorities instead of being the result of horse trading
- Public money must be used for public goods
- The budget must be coherent
- The budget must be transparent to allow for a better public discussion

Furthermore Kreiser revealed two aspects for NGOs to include

- It can help to argue with the *cost of inaction*
- It is important to think about the *level of detail* for common submissions of NGOs

Asked by Andre Wilkens how much money the EU should spent on what priority, most of the panellists agreed that is was at the time being not a question about amounts, but about political priorities and coherence. Only Nick Maybe proposed concrete amounts and headings:

10-15 billion	on European networks for clean energy
10 billion	for environmental friendly and low carbon innovation e.g. new farming methods
5-10 billion	on a global climate deal
5-10 billion	for helping developing countries to adopt e.g. peace-building, external action service

This money could come from the infrastructure support (member states should pay for anyway), the common agriculture policy and auctioning of emission permits.

Questions from the public were related to

- the possibility of a budget increase
- the articulation of this debate with the national level
- the ability of civil society to develop a common vision
- the need for an alternative economic model to be credible in any alternative vision
- the tension between cost efficiency and cost effectiveness
- gender equality as a prerequisite for sustainable development
- quality of spending

Roshan Di Puppo highlighted the importance to use the new EU treaty and make reference e.g. to the social market economy mentioned. The Institutions have to respect the treaty.

Nick Maybe said that a living political idea as well as leadership is needed. The budget is not rational. He also pointed out that it was necessary to go beyond national priorities, because the European context allowed to think in different categories.

Eulalia Rubio reiterated the need for an aggregate overview of public spending in the EU including the different levels of governance which currently does not exist.

Panel 2

“How can NGOs work in solidarity to influence the future EU Budget?”

Simon Stocker, Civil Society Contact Group representative, introduced the second panel by raising the following two questions:

- What can we learn from past experiences in working on the budget?
- What space is there for NGOs to engage?

Jack Thurston, coordinator of farmsubsidy.org, gave five reasons for which it can be interesting to learn from farmsubsidy:

- 1 Farmsubsidy pushes for more transparency of the EU budget and asks for the data to be available for the public
- 2 Farmsubsidy developed a technology for analysis and advocacy
- 3 Farmsubsidy set up a broad cross-border collaboration including academics, journalist, IT specialists and politicians
- 4 Farmsubsidy built a strong relationship with media
- 5 The common agriculture policy offers the most chances for changes in the EU budget

Kristi Kolthoff, president of the European Women's Lobby EWL, explained that gender budgeting was a tool for analysing and monitoring spending. Beyond that gender budgeting also wants to increase the participation in decision-making on budgets and helps in holding decision-makers accountable. It is therefore an instrument that increases the transparency and accessibility of public budgets. Kolthoff also underlined the importance of transforming the new EU treaty into budget commitments in order to ensure a more equal distribution of resources.

Jorge Núñez Ferrer, from the Center for European Policy Studies, underlined the importance of knowing the budget in great detail in order to be successful when asking for changes.

Vasco Cal, member of the cabinet of Commissioner Grybauskaitė, was asked to react to what he had heard from the first three panellists.

Concerning the availability of data he pointed at the difficulty the Commission faces as the data is held by member states. He confirmed that nevertheless the figures will soon be available. He encouraged the public to ask for *transparent* national budgets in a second phase.

He explained that the Directorate General has launched a study on gender budgeting and will come up with proposals once the study has been published.

Cal underlined that the running consultation intended at discussing future policy objectives of the European Union in a long term perspective of 20 years. This is necessary because the European Union as well as the global environment have changed. Many policies and procedures though remain the same then at the beginning, 50 years ago. He agreed that part of the answer lies in the new treaty and that the old approach to budget negotiations will no longer be possible on the basis of the new treaty. It is crucial to clarify what the EU want to

achieve. There is the opportunity to make the case for a different EU and to go beyond the present policy areas. It will not be possible for the Commission to keep things as they are.

Cal made clear that future challenges will be influenced by the global context. Last but not least he emphasised that the budget was only one of the EU's instruments and probably not the most important one.

A first round of questions from the public was taken:

- Does the European Commission have a vision for the future of the EU?
- What is the timeline of the budget review? How does it take into account the issues that ask for urgent actions such as climate change?
- Will there be the support from the member states to strengthen the role of the EU in the world?
- How to make sure that the global issues are not disconnected from the local realities?

Cal underlined that the European Commission is currently listening and deliberately didn't make a proposal at this stage. That is exactly where the opportunity lies. One paper that shows the Commission analysis of how globalisation affects the EU and what approach should be taken is the [communication](#) to the October summit.

In reacting to the questions Núñez Ferrer, pointed out that changing the headings was of importance because it opens the chances of changing the logic behind a heading. He also emphasized that it is not the European Commission that will "mess it up", but that it will be most difficult to convince the member states. A radical change in where the EU resources come from is needed to avoid that member states only think about what they can get back from the EU budget.

Asked if the results of the review have an impact of the internal organisation of the new Commission, Cal replied negatively. Challenged about the usefulness of the consultation, he insisted of the importance of the exercise of establishing long-term objectives that would have a much bigger impact than only on the budget.

ANNEX

Training session "Why should NGOs bother about the EU budget? How can they engage?"

In her introductory remarks, Regula Heggli, coordinator of the EU Civil Society Contact Group, pointed out the reasons for organising the training session and conference at this moment in time. The EU budget for 2007-2013 was only agreed after long and painful negotiations between member states in the Council and by the European Parliament. The EU institutions agreed "to undertake a full, wide ranging review covering all aspects of EU spending". As part of this review the European Commission in September 2007 launched a public consultation on the EU budget running until April 15 2008.

The Commission opens three main areas for debate:

- What are the political *priorities* the EU budget shall serve?
- How shall the EU budget be *managed* in the future?
- Which *resources* should the EU rely on in the future?

Heggli explained that the Civil Society Contact Group aimed at enabling and encouraging NGOs to participate in the consultation and to follow the review also beyond April 2008.

The case for peoples' involvement in budget discussions

Warren Krafchik (click here for his [presentation](#)), director of the [International Budget Project](#), started off with telling the story of civil society organisations aiming at the reduction of rural maternal mortality in Mexico.

He went on to outline reasons for which civil society organisation work on public budgeting. First the money spent by the state / EU is public money. Secondly the way it is spent in, affects all people and especially the poor. And thirdly public budgets reveal the true policy priorities of decision-makers.

Countering negative myths is one important aspect of civil society organisations' work on public budgets, explained Krafchik. It is not true that

- budgets need to be secret or risk unstable markets
- civil society organisations pursue sectional interests that will bust the budget
- the budget is the exclusive mandate of the executive
- inclusive budgeting is unwieldy

Krafchik argued that civil society organisations contribute to improving public budgets by building commitment to trade-offs, by strengthening the quality of the impact and enhancing the accountability of decision-makers.

He listed different types of budget work such as joint decision-making (participatory budgeting), identifying best practices or measuring impact.

ABC of the EU Budget

Jan Seifert (click here for his [presentation](#)), Assistant of Helga Trüpel, member of the European Parliament Budget committee, pointed out that the European Commission, the Parliament as well as the Council were important actors in the *annual budget* procedure of the EU. They all play a role at a different moment of the procedure. Assuming that the Lisbon Treaty comes into force, the European Parliament will - as from 2009 - have more power as more areas will be decided in co-decision. This will probably offer possibilities for NGOs to work closer with members of the European Parliament. The procedure of adopting the budget could potentially become faster with only one reading after the proposal of the European Commission (currently there are two readings).

Also for the *multi-annual financial framework* (= financial perspectives), which defines the budget for seven years at a time, all three institutions need to agree. The speaker stressed that because of the multi annual financial perspectives, it is not possible to make substantial changes to annual budgets. This can in some cases be a problem, but is something that civil society organisations internationally are advocating for. It allows for a certain stability and coherence over time.

The EU is currently dependent on direct contributions from member states (based on Gross National Income, GNI) for a big part of its revenue. Other revenues are duties and income from VAT (value added tax). Alternative resources such as a direct European tax, energy taxes and taxation of money flows are being discussed.

Seifert listed several issues that, among others, are up for review, such as:

- *Common agriculture policy*
The common agriculture policy still forms the biggest part of the EU budget. Co-funding rules could be envisaged.
- *Revenues*
As long as the biggest part of the resources consist of member states contributions, each member state will try to get as much as possible "back" from the EU budget. This links to the question of national rebates.

Advocacy strategies for NGOs' budget work

Warren Krafchik, explained that there are different levels on which civil society organisations can be involved in influencing the budget:

- *Budget process:*
Ensuring participation opportunities and transparency
- *Budget policy:*
Quality of expenditure and policy priorities
- *Budget systems:*
Changing legislation and rules of negotiating the budget

The challenges for civil society organisations in budget advocacy are multiple. It is crucial to build institutional credibility. To be able to do so information and skills need to be gained.

Opportunities to participate need to be created and used. To be successful NGOs need to be involved at all stages of the budgetary process, from the political decision making to implementation. This is only possible if organisational resources are dedicated to budget work. Building relationships with the media, the legislative, the executive and audit institutions is crucial.

Changes require long term commitment (it is not a question of one or two years) and one needs to ensure that there are always people informed enough to continue and take over. Changes in the budget and impact by NGOs are possible.