



An Introduction to the EU Budget



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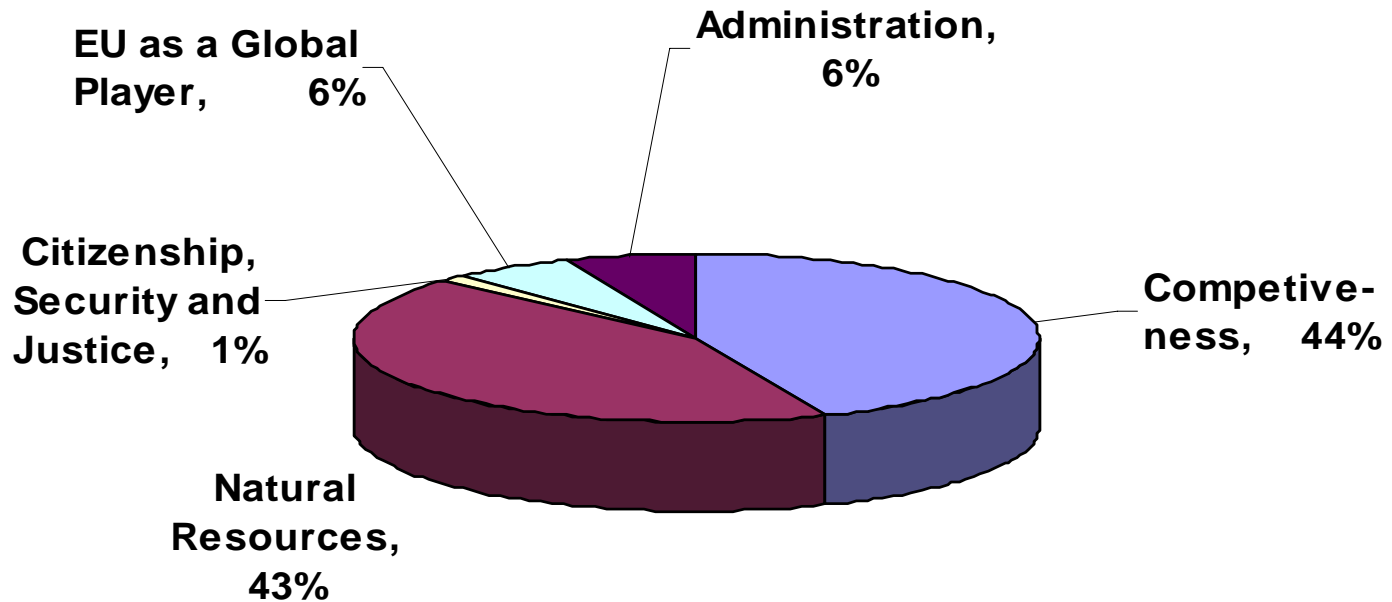
- Overview of the EU Budget
- EU Funding Instruments
- Climate Proofing the EU budget
- The EU Budget Review



Overview — What is the EU budget spent on?



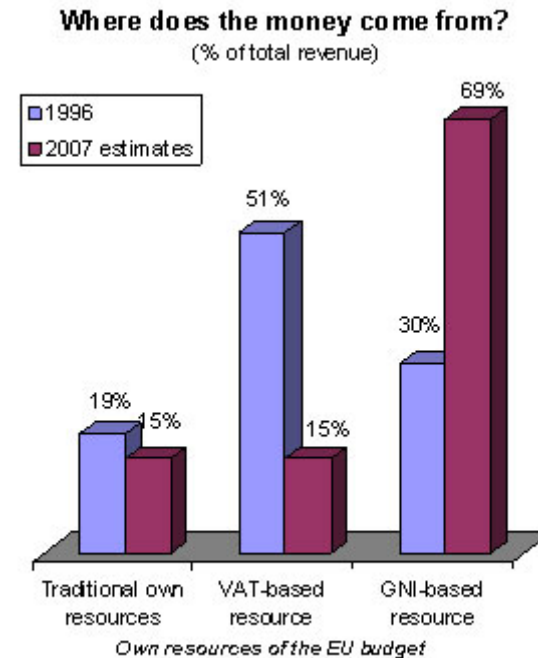
- EU spending (€864 billion from 2007 to 2013) is grouped under broad spending 'headings':



Overview – Where does the EU budget come from?



- Traditional Own Resources: customs duties and levies;
- Value Added Tax-based Resources;
- Gross National Income-based Resources.
- Own resources ceiling: 1.27% of the Union's GNI.



Overview – The Decision Making Process



- The budget is planned in 7 year periods called Financial Perspectives (2007-2013) which set the ceilings for each budgetary heading.
- The Commission then proposes annual budgets which are decided by the Council and the European Parliament.
- The Lisbon Treaty increases the powers of the European Parliament on the EU budget.
- The Commission is charged with managing the budget but a large proportion of the budget is spent by Member States, eg for the Structural Funds:
 - Member States (in ‘partnership’ with the EC) present a National Strategic Reference Framework.
 - Operational Programmes (agreed by the EC) then set out the activities within these frameworks.
- But the principle of *‘juste retour’* is important!

Funding Instruments – Structural Funds



- Funding: € 350 billion 2007-2013.
- Objectives: to promote social and economic cohesion in order to ‘contribute to the harmonious, balanced and sustainable development of economic activities[including].... the protection and improvement of the environment.....’
- Instruments:
 - European Regional Development Fund
 - European Social Fund
 - (Cohesion Fund)

Objectives	Structural Funds and instruments		
Convergence	ERDF	ESF	Cohesion Fund
Regional Competitiveness and Employment	ERDF	ESF	
European Territorial Cooperation	ERDF		

Funding Instruments: European Regional Development Fund



- Aims to redress the main regional economic and social imbalances of the Community. Also focuses on the territorial aspects of European regions.
- Provides co-financing for: investment in SMEs to create jobs; infrastructure; research and innovation; fostering cooperation between towns and regions etc.
 - The Eden Project in Cornwall, a recipient of £12.8m of ERDF
 - King's Dock redevelopment in Liverpool: £48m ERDF assistance
 - East Midlands Media Investment Fund: awarded a £6m ERDF grant to support film and digital media projects
- Environmental funding opportunities: energy efficiency, renewable energy, clean transportation systems, technological innovation, risk prevention.



- €75 bn euro 2007-2013
- Aims to improve employment and job opportunities in the EU
- Provides funds for: access to employment, social inclusion, integration of the disadvantaged in the labour market, education and training etc.
 - Support for self-employment of ethnic minorities in the Brussels Region €1.2 m
 - Employment support measures for disabled, ethnic minorities and older people in Brussels Region €0.4 m.
- Environmental/climate does not feature explicitly as a theme in the ESF but it can be relevant to climate change especially for new skills development, vocational training and capacity building.

Funding Instruments: Cohesion Funds



- €50.4 billion 2007-2013.
- Aims to **strengthen economic and social cohesion** within the Community through the provision of EU finance to programmes and projects in the poorest Member States.
- Restricted to Member States with a GNP less than 90% of the EU's average.
- Traditionally funds projects within the Trans-European Transport Networks (TEN-T) and environmental infrastructure (waste and water).
- In 2007-2013 extended to renewable energy and energy efficiency and clean transportation systems.



Climate Proofing the EU Budget



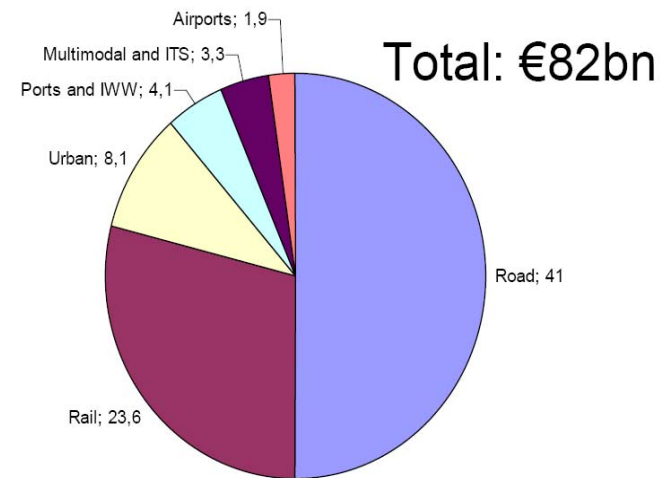
- No overall EU fund for environmental/climate spending. It is 'mainstreamed' within different funds.
- Opportunities for climate friendly spending but climate spending is only a small proportion of EU spending.
- Adaptation measures are funded only through very limited old fashioned risk prevention measures.
- There is only limited horizontal integration of climate measures across other EU funds interventions (EU spending can undermine climate change objectives).



Climate Proofing the EU Budget



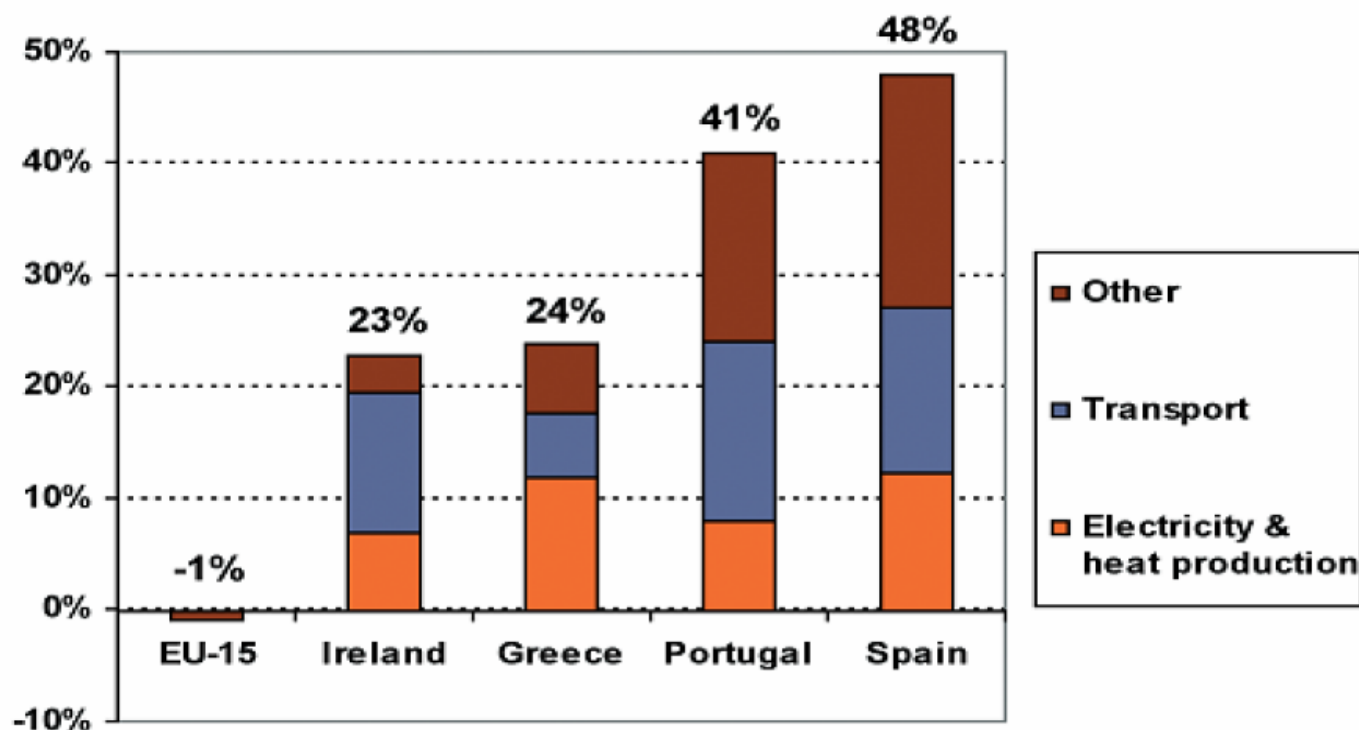
- Structural and Cohesion Funds: Renewable Energy and Energy Efficiency are priorities under the Strategic Guidelines but only around 3% of Structural Funds is spent on these climate friendly investments.
 - EE €4.2 bn; RE €4.8 bn
 - Clean Urban Transport €6 bn; railways 23 bn
- Financing for environmentally controversial investments still prevail especially in the transport sector where significant amount of funding spent on roads and aviation infrastructure (€43 billion, majority of which will be spent in new Member States)



*EU SF/CF Allocations
for transport per mode,
2007-2013, EU27*



GHG emissions increase in the cohesion countries
vs. EU-15, 1990-2004



Source: CEE Bankwatch & data source: Annual European Community GHG inventory 1990-2004 and inventory report



- The EU budget does not currently reflect the EU policy priorities in the field of climate change.
- De-carbonisation/climate proofing of EU funds is imperative:
 - Assist regions/countries to implement climate package.
 - A symmetrical impacts of climate change across EU regions will need to be addressed if they are not to further exacerbate regional disparities.
 - Climate investments will have positive impact on social cohesion and regional economies (green jobs, decent housing, technologies and innovation).
 - EU value added and leverage effect on additional financing, unlocking development opportunities and behaviour change.



- A wide-ranging review of EU spending and revenue in 2008/9.
- Consultation: paper September 2007 ('no taboos debate'); ended 15 June 2008.
- Commission draft proposals leaked in late October 2009.
 - Three priorities: growth and jobs; climate and energy security; a global Europe.
 - A significantly reduced Common Agricultural Policy Budget (increasing role for rural development).
 - Less regional funding for well-off Member States, more conditionality, increased cross border cooperation.
 - Cohesion and agriculture spending to be 'climate proofed' and linked to achievements of emission targets.
- Proposal not now expected to be published until next year ie by the new Commission.
- The legislative proposals will be proposed by the Commission in 2011 and will be decided by the Council and the Parliament.



- Significant EU funding on climate mitigation and adaptation measures based on stringent quality criteria for sustainability and cost-effectiveness.
- Climate proofing/mainstreaming embedded more firmly in the Regulations, guidelines, programming and evaluation EU Funds.
- Phase out climate perverse funding (eg road and aviation infrastructure).
- Broaden the allocation criteria for EU funds beyond GDP in order to reflect environmental/climate characteristics of European regions.
- Go beyond 'climate proofing'! The EU budget needs to promote broader environmental objectives including conserving biodiversity and ecosystems services.



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Thank you

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