The Greens | European Free Alliance
in the European Parliament

Greens/EFA position paper
SURE

No Sustainable Resources without new own resources

Introduction

The EU is facing a major economic and social crisis, together with the food, energy and climate crises, which are multiple manifestations of the limits of our model of development and the mechanisms that support it. The current debt crisis has led Member States to curb public spending and propose austerity budgets. But these measures alone will not solve the current imbalances in the European Union and at the same time an increase in investments is needed to achieve the EU 2020 and notably 2050 climate and energy targets. In spite of its sizeable leverage effects, the current EU budget is far too little to provide for a macro-economic stabilising function or contribute in a major way to the investments needed. Member States continue to squabble about their "net contributions" to the EU budget, distorting a rational debate on policy priorities and disregarding the wider benefits of the EU and the added value the EU budget can bring over individual Member States actions. A reform of the own resources system introducing new own resources for the EU to deliver a fair, transparent, more independent and future oriented budget system to live up to the challenges at hand is urgently needed.

Green New deal

Greens/EFA have been advocating an EU response in the form of a Green New Deal, kick-starting the urgently needed transformation to a sustainable post carbon, resource efficient economy, allowing the creation of new green jobs, transforming the way we consume and produce. This is to be achieved via interlinked reforms at all levels: investments and changes to macro-economic and fiscal policies at all relevant government levels, as well as through an ecological and social transformation of our industries and markets and through early education to new society models. The challenges ahead demand for a radical shift away from current business us usual policies. This reform needs to be enhanced through the European multi-annual financial framework, but, in order to be effective, it needs to coincide with targeted policies at the Member State level.

Economic governance, added value

The EU budget is currently operating alongside national budgets and constitutes not much more than 1% of EU GNI in payments. Stronger economic governance at EU level, defining and implementing a stronger EU framework for both fiscal and macro-economic sustainability- including new steps in tax coordination and cooperation is a must. Meanwhile, huge investments are needed to achieve the objectives and specific targets of the EU-2020 strategy, as well as climate and energy targets for 2050, which cannot be achieved by 27 MS alone.

An EU budget focusing on providing funding where national budgets cannot set optimal priorities or where EU investments can achieve better or faster results, would provide added value beyond what MS alone can achieve. The EU budget can act as a catalyst, provide for economies of scale, pool resources and have positive trans-boundary multiplier and spill over effects. EU expenditure not necessarily adds to but can also replace national expenditure. In view of the challenges and investment needs at stake, a more robust EU budget is justified. In this respect, the new European Semester can contribute to the maximising of the value for money and the leverage effects by organising exchange of views that allows for the aligning of budget priorities and cycles at EU and national levels.

At the same time private investments and public private partnerships in sustainable projects need to be encouraged. *Leverage instruments*, such as EIB lending and borrowing operations and guarantees or project bonds should be well designed to avoid misleading assumptions such as those underlying models of credit enhancement that were at the source of the sub prime crisis and be subjected to criteria risk assessment. They should be well targeted so as to be able to truly steer funding to sustainable projects. As a counterpart for the socialisation of risk procedures need to be established to guarantee public ownership and democratic accountability.

The future structure of economic governance should be developed in a *European Economic governance Conference*, organised according to the convention model. This method would provide for a comprehensive analysis of EU- and national budget spending and revenues, a Financial Transaction Tax, Eurobonds, projects bonds and the full integration of the European stability mechanism under the Union framework.

Own resources

The current system of own resources is neither transparent nor fair nor reflecting the spirit of the Treaties. Its reform is long due: The level of traditional own resources, notably custom duties, has diminished over time, inter alia as a result of the WTO. The GNI resource, introduced to act as a residual resource, has become the main resource for the EU budget, with subsequent debates by MS on the fairness of their "contributions" and the introduction of rebate on rebate. These rebates should be abolished and new own resources should be introduced to free budget debates from the short sighted perception of (net) national contributions and create a more rational debate on policy priorities and budgetary allocations. It would also reduce pressure on national budgets since the GNI based resource could be lowered. The introduction of new revenue sources, such as a Financial Transaction Tax, revenues stemming from the auctioning of ETS certificates, carbon and/or energy taxes, a share in VAT, or a corporate tax, should be used to increase investments on EU level to help achieve the EU 2020 strategy - and EU 2050 energy and climate targets, whilst reducing Member States expenditure in these areas as well as lowering their GNI contributions to the EU budget.

Choices and principles

In a context of scarce budgetary resources, there need to be clear principles and choices as regards policies and spending priorities:

- Infrastructure investments on EU level need to have a long term outlook (2050) in view of the EU's climate change and energy targets,
- There should be a clear focus on resource efficiency, (eco)-innovation and (green) jobs and skills within the EU 2020 strategy, to enhance quality of life and prosperity in a broader sense than unqualified economic growth models.
- There should be adequate proofing (climate, biodiversity, social, education and cultural diversity, gender-budgeting) throughout the whole programming cycle. Transparency, multi-level governance and involvement of stakeholders are important principles to be equally upheld.
- They should take account of do no harm principle, polluter- pays and fore-runner principles,

Flexibility

Flexibility and transparency should be enhanced by creating more and better legislative and budgetary flexibility instruments and easing the decision-making procedures for using them. A "Reserve Margin" should be established, comprising all flexibility instruments (including a contingency margin), guarantees linked to lending and borrowing operations (making visible also credit-lines and contingent liabilities), carried-over unused margins and commitments, and providing for a possible intervention of the EU budget in the European Stability Mechanism after 2013 or for special recovery programmes, thus opening the way for the budget to be used as a counter-cyclical tool in a broader macro-economic context.

Mega projects such as ITER and Galileo risk eating up other funds and distorting the choices made and priorities set. ITER is clearly not supported by the Greens/EFA group. The contribution by the EU budget for mega projects should be capped and ring-fenced in a separate (sub) heading.

In order to avoid any deadlock during the negotiation of the next MFF that could hurt further the credibility and the smooth functioning of the EU and pursuant to the new Article 312§2 of the Lisbon Treaty, the European Council should adopt unanimously a decision authorising the Council to act by a qualified majority (instead of by unanimity) when adopting the MFF.

Duration

The duration of the financial framework should be better aligned with the duration of the mandates of the European Commission and the European Parliament, so as to provide for a better match between work programmes and corresponding budgets. A 5 + 5 concept would avoid having to completely overhaul all financing programmes each 5 years but would require a mandatory and meaningful review after 5 years through sunset clauses. Budgets would be fixed for five years only with indicative figures for the next five years. A 7 year MFF set until 2020 to have a clear link with the EU 2020 strategy could be accepted as a transition to a 5 (+5) cycle. That would imply that in its proposals for the next MFF the Commission highlights how EU and national budgets contribute to the current seven flagships underpinning the EU 2020 strategy*.*

Structure of the Financial Framework- The EU 2020 objectives of Smart, Sustainable and Inclusive Growth

The structure of the (next) Multiannual Financial Framework is an arbitrary choice of grouping together or singling out certain policy fields and programmes. Content and conditionality of the financial programmes and their funding are more important for the contribution the EU budget can make in achieving the EU 2020 smart/sustainable/ inclusive growth targets.

Nevertheless the structure of the MFF may provide for a certain visibility in relation to the different components of the EU 2020 strategy. There could be one heading comprising knowledge related policies, a second heading encompassing sustainability and resource efficiency related policies and a third heading devoted to inclusive society, including a separate subheading for cohesion policy reflecting its horizontal nature and its contribution to all Europe 2020 objectives. Furthermore such structure would include a heading for external policy, for administration and a Reserve Margin.

Size of the budget and policy priorities

Concerted action on EU level in many areas can provide added value over individual actions by 27 Member States[1], especially where it concerns major investments in

[1] The evidence of the greater added value of the EU budget rather than the summation of the 27 national budgets is given by the European Economic Recovery Plan. Four fifth of this 1.5% of GDP committed Plan consisted of national plans while the European contribution was limited to only 0.3 per cent of GDP. The outcome of that tepid mix of sources was that: a) only Germany, France and UK launched a national plan of the amount required, but the other countries, especially the more indebted ones, were not able or willing to follow however, they benefited the externalities of measures taken in the former (prisoner dilemma & free riding); b) whatever the size of national plans, the European governments decided to finance national public goods and national employment, endangering the European internal market and putting at risk the effectiveness of others' measures (beggar-thy-neighbour); c) the rules of the GSP were grossly violated; d) since the bigger the size of the country and the closer the economy the higher the fiscal multiplier, the value for money of the

achieving EU targets in the field of climate change, energy and transport infrastructure or knowledge related investments.

If the EU budget would be situated around the ceiling of own resources (currently at 1,29% of EU GNI in commitments and 1,23% in payments) this would provide already more budgetary leeway but still be insufficient to be a real tool for European economic governance or to contribute in a major way to investing in the EU 2020 strategy through the EU budget.

Indeed, already back in 1977 when the Member States were more homogenous with respect to their GDP per capita and well before the Economic and Monetary Union, the MacDougall report mandated by the European Commission stated that "public expenditure at Community level [should rise] to around, say, 2-2.5% of gross product" and in the case the EU would evolve towards a truly federation, this amount should be in the order of 5-7% of GDP. [2]

Furthermore, between 1996 and 2002, from the Treaty of Amsterdam to the aftermath of the Treaty of Nice, the EU budget has increased by 8.2% while the average increase in national budgets (EU-15) has been 22.9%. From that moment on, this gap has never been filled despite the new objectives and prerogatives assigned to the EU by the Lisbon Treaty.[3]

Clearly, the challenges ahead justify an increased EU-budget as much as an increased communication on goals and values, i.e. change of gear in society priorities However, such an increase is only justifiable to an ever increasing electorate if at the same time policies are duly reformed and bear fruit for the citizens and the companies. Without proper reform of the policies and spending priorities Greens/EFA will actually propose cuts instead of defending increases for the policy areas that only contribute to business as usual policies.

Plan could have been manifold the one obtained thus far. This recent illustrative case shows that the money of the taxpayers spent at the European level for European public goods has a greater impact on income, jobs, cohesion than the same amount of money spent by national governments for national public goods.

[2] "An earlier stage would be a federation with a much smaller federal expenditure of the order of 5-7% of gross product, or roughly 7.5-10% if defence were inclued. An essential characteristic of such a federation would be that the supply of social and welfare services would nearly all remain at the national level. Such an arrangement could provide sufficient geographical equalisation of productivity, living standards and cushioning of temporary fluctuations to support a monetary union.
In the period of pre-federal integration during which the Community's political structure is being gradually built up, partly with the direct election of the European Parliament, we can envisage public expenditure at Community level rising to around, say, 2-2.5% of gross product during this period." (MacDougall Report of the study group on the role of public finance in European integration, vol.I, 1977, http://ec.europa.eu/economy_finance/emu_history/documentation/chapter8/19770401en73macdougallrepvol1.pdf)

[3] Reimer Böge, EP report on Policy Challenges and Budgetary Means of the enlarged Union 2007-2013, May 2005

Common Agricultural Policy

The Green New Deal on CAP reform [4] paper of the Greens/EFA Group describes the CAP history, the missed reforms and the new challenges, states principles and objectives and makes different proposals that would imply changes to the way that EU programmes are defined and funds are spent:

Payments in the first pillar would

- be conditional upon adoption of sustainable farming practices and combine a sustainable production component and a decent employment component, lifting farming practices above the current cross compliance standards, actively rebalancing plant with animal production, re-linking animal breeding to integrated animal feed production, containing a ceiling on the number of animals which can be bred on a hectare of land and including compulsory enlarged crop rotation,
- be horizontal but differentiated according to specific geographical and infrastructural conditions, such as disadvantaged regions, high nature value areas, sensitivity to climate change etc, including also payments to Less Favoured Areas,
- contain a ceiling on payments at a certain income level and size of a farm enterprise, taking into account the level of sustainable production and employment,
- exclude export subsidies as well as payments that support investment for intensive industrial-style rearing and processing operations and exclude landowners without active agricultural production or nature protection activities
- identify best practices (fore-runner principle*)* and actively promote such best practices in MS territories offering increased co-financing for increased performance

Rural development programmes should integrate agricultural, environment and cohesion policies with a territorial approach. There should be a new typology of rural areas taking better account of population density, socio-economic situation and specific features and needs, recognising the differences between territories, improving rural territorial governance, drawing upon successful initiatives involving horizontal and vertical partnerships such as LEADER, with special focus of activities on local research and cultural activities, strengthening local public infrastructures, helping the creation of small thriving businesses, promoting renewable energy projects and better livestock management practices.

Cohesion Policy

According to the Commission GDP in the EU 25 as a whole is estimated to have been[5] 0.7 % higher in 2009 as a result of cohesion policy over the 2000/2006 period.

[4] Greens/EFA document on Green New Deal on CAP reform
[5] COM(2010)700 final

There are not only positive impacts on recipient states but also on donor states through spill-over effects[6] But, as outlined in the position paper of Greens/EFA on the future of cohesion policy , this policy is also in need of an overhaul[7]:

- It should benefit all regions, promoting sustainable and balanced territorial development embedded in an ecosystem based approach and taking account of the EU's responsibility to fight climate change, with funds particularly geared towards the most needy and specifically vulnerable (parts of) regions.
- The major part of spending should go to less developed regions, whilst creating new funding possibilities for a new intermediate category of regions above this threshold but below the EU average.
- Cohesion spending should address major challenges related in particular to demography, climate change, energy, social inclusion and poverty with spending being concentrated on green innovations and local economies, SME's, like Cultural and Creative industries, access to labour market, education and training, social inclusion, including active integration policy and gender mainstreaming, climate mitigation, biodiversity, green infrastructure, access to services of general interest, sustainable mobility, energy savings, renewable energies and (secondary grid) supply, resource efficiency (in particular waste and water) and preservation of cultural heritage and cultural diversity..
- Spending on biodiversity and green infrastructure should be compulsory for all regions, the fore-runner and do no harm principle should apply and clear definitions, eligibility rules and performance indicators are needed in a more results oriented better targeted and conditional policy (e.g. contain clear emission reduction targets, waste management plans, sustainable urban mobility plans).
- The environmental and social "acquis communautaire" should be fully respected. Certain categories of funding are to be phased out or de-prioritised, e.g. by a maximum percentage share of spending, such as road transport and intermediate and more developed regions see their funding areas reduced to achieving clear and concrete results in a number of particular well specified fields.
- A performance reserve forms part of the incentives of better qualitative spending towards clear results. Sanction mechanisms linked to economic governance however do not, as cohesion policy is to reduce regional disparities. In the same logic, the cohesion fund can be phased out and integrated into the EDRF
- Multi-level governance through further decentralisation, sub-delegation (global grants) and strengthening of regional and local authorities is necessary, ensured through a detailed and binding definition and use of the partnership principle throughout the programming circle,

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[6] "The Economic Return of Cohesion Expenditure for Member States", EP Directorate General for Internal policies, policy department B, Structural and Cohesion Policies

[7] Greens/EFA position paper on cohesion policy.

- Although supporting a common strategic framework to strengthen local development approaches, each fund should have its own rules.
- Co-financing rates should be better differentiated to the level of development, the administrative burden for beneficiaries in the implementation phase reduced, whilst at the same time increasing the number of on the spot audits.

Fisheries policy

A radical change in direction is required for fisheries policy, promoting low impact fishing techniques, reducing energy consumption and eliminating excess fishing capacity, while halting all funding for the modernisation of vessels, to facilitate the full recovery of fish stock and ensure a stable and sustainable fisheries sector. Support should thus be shifted toward more sustainable fisheries practices, including also support for habitat management, improving selectivity in both marine and inland fisheries, economic diversification in regions where fisheries are declining, with improved monitoring, data collection and coordination of control.

Access for EU flagged ships to fish in waters of third countries should be based on the principle of surplus stocks within a long term management plan, based on rigorous assessment of stocks. Information on agreements should be in the public domain. Money paid as compensation for access to stocks should be de-coupled from financial support to the multi-annual fisheries sectoral programmes. Multi-annual programmes must be in line with third countries needs for sustainable fisheries development, in particular fisheries management as established in the relevant cooperation and development frameworks and objectives, enhancing coherence for development.

Climate change, Environment, Natura 2000, Energy, transport

Climate change currently plays only a minor role in the current EU budget; it is said to account for about 6-8% of the EU budget[8]. Climate actions should be truly mainstreamed, especially via cohesion, agriculture and rural development funds. Member States should in future explain how they intend to fund Natura 2000 sites and these financial plans should become a mandatory part of the development contracts in cohesion policy instruments in the next financial framework. The next financial framework should continue to fund nature and biodiversity protection through a well endowed new LIFE+ programme.

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[8] power point presentation Jos Delbeke, DG Climate Action in the SURE committee of 10 March 2011: currently only EUR 8,4 bio out of an envelope of EUR 50,5 billion of the 7th Framework programme is allocated to themes related to climate change (about 6%), EUR 48 billion out of EUR 347 billion for cohesion policy (< 14%) , about EUR 0,7 billion addressing climate change as one of the new challenges facing agriculture out of EUR 96 billion of 2nd pillar expenditure (approximately 0,7% ,or approximately 14% of the 4,9 billion made available in the 2008 health check and recovery package) and about EUR 1,8 billion out of EUR 28,1 billion for the neighbourhood programme and the development cooperation programme together (about 6 %).

As regards measures to help developing countries combat climate change and adapt to its effects, pledges from the Copenhagen and Cancun agreements, about a third of which is to be shouldered by the EU, must be new and additional to the commitments made for Official Development Aid in the framework of the Millennium Development Goals.

Energy

Current spending on energy projects reflects a wrong order of priorities and a lack of spending on priority areas with more money going to nuclear research than to non-nuclear research and more infrastructure spending under the recovery programme for CCS and conventional energy than on renewable energies.

In view of the climate and energy targets and in view of huge infrastructure needs, the EU budget could and should help change the direction of spending by clearly concentrating EU spending from all different funds on fast investments in renewable energies, for high voltage transmission lines within the EU- only where expansion is necessary-, storage facilities and decentralised smart distribution grids, as well as energy savings and efficiency measures.

Certain investments are inherently cost-effective, such as those in energy efficiency and savings and thus in the long term free budget for other priorities on EU and national level. The EU budget can deliver added value also here in pooling resources, attracting further public and private finance or kick-starting projects, as energy efficiency and the switch to renewable energy sources will reduce the EU's average fuel cost and reduce dependency on energy imports and since delays will increase costs[9].

Transport

The financing of TEN-T priority projects should be reviewed in the light of progress on the ground and evaluating whether projects that hitherto received the bulk of financing support are still the most relevant for achieving the EU's climate and energy targets, or the safety targets mentioned in the Commission White Paper on Transport [10]. **S**trategic and project assessment should be improved and

[9] Commission Communication Roadmap 2050; A major increase in capital investments is needed according to the Commission for efficient, low carbon energy and transport systems after 2020, representing around EUR 270 billion annually in public and private investments, or 1.5% of EU GDP, on top of the overall current investment. At the same time the Commission states that it is estimated that energy efficiency and the switch to domestically produced low carbon energy sources will reduce the EU's average fuel costs by between € 175 billion and € 320 billion per year.

[10] The TEN-T programme started in 1996 to help build missing links and remove transport bottlenecks, creating a single multimodal network of transport corridors throughout Europe with a list of (14) priority projects, later extended to 30 with only 5 of them completed so far. A mid term review carried out for 92 projects of the multi-annual programme 2007-2013 pointed to about half of them being on track of being completed by 2013. Of those not on track most have been given an unconditional or conditional extension until 2015 and only a few have been judged not credible at this

consideration of viable alternatives must be compulsory. Expenditure from TEN-T and cohesion funding for transport projects should further be conditional upon avoidance of external costs, contributing to a modal shift towards more sustainable modes of transport and adopting high quality sustainable urban mobility plans, when projects are related to urban strategies.

Furthermore there should be support for strategies and new technologies for decreases in accidents, transport avoidance, internalisation of external costs, reduction of noise at the source, soft networks, better use of capacity provided by existing infrastructure, increases in energy efficiency technologies for vehicles or local sourcing policies to ensure sustainable supply chains and logistics systems.

Industrial policy, Innovation and research

A change must be reflected in the next R&D framework programme compared to FP7 in terms of priorities and increased allocated budgets to reflect EU's ambition in meeting the major societal challenges. For instance, funds allocated to research in the field of energy[11] represent today the smallest share of the whole FP7, which is at odds with the need to meet EU's climate and energy targets. The share of public funding for basic and applied research and development, demonstration projects and eco-innovation must be increased in the areas of climate change, resource efficiency, health and ageing population, urban management and sustainable mobility, food and water, energy efficiency and savings and renewable energies, In addition, to achieve the changes needed to respond to the major societal challenges, research into non-technological, non-commercial, organisational and social innovation has also to be given appropriate allocations.

The next MFF should also provide instruments for fostering the development of eco-innovative SMEs as well as the development of eco-industrial parks, supporting the introduction of eco-innovative solutions in all SME value chains. There should be bundling of SME tailored Community instruments and funds under a unique access portal;

Greater use should be made of public procurement and pre-commercial procurement tools, made accessible to SMEs for driving innovative sustainable solutions on the market. If public private partnerships are to be pursued, public priorities should be driving the overall research objectives and their governance ensure balanced participation of stakeholders including civil society organisations Instruments should be developed to help enhance the role of ICT and in that context inter alia promoting the use of open standards for innovations in support of sustainability and eco-efficiency.

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stage and funding has been cancelled to be re-allocated. Remaining investment after 2013 is up and now estimated to be around35%.
http://ec.europa.eu/transport/infrastructure/tent_policy_review/doc/1_en_document_travail_service_part1_v1.pdf

11 Excluding EURATOM.

Green skills and jobs

The flagship initiative on new skills and jobs plays a key role in fostering the economic recovery process. The sectors of the green economy, such as renewable energies and energy efficiency have been among the sectors, which experienced the most dynamic development in recent years. Thus, promoting green skills enables member states to exploit the opportunities for growth, while simultaneously contributing to the EU's 20-20-20 as well as to its emission reduction objective.

The flagship initiative should include society as a whole: youth, early school leavers, older people, women, disadvantaged and disabled people and migrants. Adequate funding and targeting of education and mobility schemes and life long learning programmes, inter alia under the initiative flagship programme "Youth on the move, help decent and green job creation, cultural diversity and social inclusion and reaching the headline target of a 75% employment rate for women and men and fight early school leaving and unemployment.

The ESF, in an integrated approach with other Cohesion instruments and national measures within the implementation of the Employment Guidelines, should actively support measures for vocational training, mobility of young people, supporting active ageing, improving labour market access and re-integration, creating the rights skills for a post carbon resource and energy efficient society, combating unemployment, poverty, discrimination, loss of cultural diversity and social exclusion. The ESF should also provide adequate resources to tackle gender inequalities, addressing barriers to women labour market participation.

Culture, Education, Media, Youth

Although these programmes do not account for a large share of the EU budget they are among the first to be recognised as providing added value and reaching out to citizens. Cultural diversity, debates on open society, and a common future are important for the acceptance of Europe beyond arguments of security or economics. But education and culture also have a role to play in the EU 2020 strategy as artists and creators are keys to innovations. Thanks to programmes like Media, or the introduction of an innovative focus on Creative and cultural industries, entrepreneurship and creativeness become a main asset to the 2020 strategy via the knowledge triangle, mobility or as soft location factors[12]. There is therefore a strong case to be made for increasing the funds of these programmes and better using the potential of creative industries in the framework of rural development and cohesion policy

12 European cultural projects and cultural industries are said to impact positively on economic growth and employment, contributing around 2.6 % to the EU GDP, with a high growth potential, and providing quality jobs to around 5 million people across EU-27; Study on the economy of culture in Europe, conducted by KEA for the European Commission,2006, abovementioned Commission Staff Working Document on challenges for EU support to innovation and UNCTAD (2008) report on "Creative Economy – the Challenge of Assessing the Creative Economy – towards informed policy-making.

The EU budget should provide co-financing for "A European Youth Guarantee", securing the right of every young person in the EU to be offered a job, an apprenticeship, additional training or combined work and training after a maximum period of 4 months' unemployment. The design of the EU 2020 flagship youth on the move, aiming at a better facilitation of the transition from education to labour market, should be more comprehensive so as to ensure the promotion of equal opportunities, targeting not only graduates but also reaching out to younger people. A separate "youth in action" programme should be maintained in the next MFF with its formal independence, targeted format and user-friendly variety of administrative and material handling procedures.

Fighting poverty and social exclusion, fundamental rights non-discrimination and equality, gender

Although the flagship initiative " European platform against poverty and social exclusion"- which is to help lift 20 million people out of poverty and social exclusion by 2020- states that EU funds will be better used to support cultural diversity and social inclusion and combat discrimination, there is fear that specific measures in the current budget, forming part of the Progress programme may be cut or even disappear. Such funds continue to have an added value separate from the need for mainstreaming of social inclusion, gender issues and non discrimination more in general.

Beyond, sufficient financing for activities of the European Platform against Poverty likewise adequate funding of civil society organizations delivering these activities must be provided; Programmes supporting small civil society organisations delivering tailor -made solutions on the ground are crucial for promoting social inclusion, anti-discrimination and gender equality.

Since equality between men and women is one of the key values of the EU and as gender budgeting improves efficiency of budgetary planning and avoids direct and indirect costs of gender blind budgets, it is indispensable that the Commission proposes a procedure for introducing gender budgeting methods to ensure gender sensitiveness both in terms of revenue and expenditure, throughout the whole programming cycle of post 2013 programmes and activities.

Freedom, security and justice

Whilst recognising the scope for synergies and savings in this heading, in view of the tendency to focus on security and (irregular) immigration, there is concern that by merging all programmes in a two pillar structure under shared management -as reflected upon by the Commission- different objectives will get mixed up. Member States should not be able to spend funds at their discretion or discharge national responsibilities. There should be clear definition of tasks. Funding should be conditional upon the respect of ensuring relevant minimum standards and the presentation of national plans that guarantee an appropriate comprehensive approach of all policy fields, with more active support for capacity building, identifying and spreading best practice and innovative approaches.

Europe in the world

With the creation of the EEAS in the Lisbon Treaty and considering growing global challenges and responsibilities, especially in face of the current political developments in the Arab world, the EU should restructure the range of policies and financing instruments at its disposal and develop new forms of cooperation and delivery mechanisms to help eradicate poverty and hunger, promote human rights and fundamental freedoms, good governance, peace building and conflict resolution, help candidate countries prepare for accession to the EU, promote sustainable development, prevent conflicts or provide humanitarian assistance.

The level of funding for this heading of expenditure has been under constant pressure and if the EU is to be credible in its aims, it has to have more means available. At the same time there should be greater consistency and coherence with more targeted use of funds and strengthening the principle of conditionality.

A strong and adequately-funded European External Action Service can offer a real European added-value and lead to synergies and savings at national level. For this to happen, the EU must entrust the EEAS with the necessary resources and competences (for instance in the field of consular services) and member states must fully seize the opportunity, offered by the new diplomatic structures at Union level, to cut the cost of diplomatic structures at national level

The *Development Cooperation Instrument* is and should remain the EU's main EU budget instrument to help eradicate poverty and hunger in an endogenous model of development with differentiation between the partner countries. Only aid that can be qualified as ODA under the DAC committee's definition should be eligible under the geographical programmes.

Where *humanitarian aid* is to give a first response to crises, a new specific post-humanitarian- pre development aid envelope after the first six months should be created for *Rehabilitation and Reconstruction,* geared towards a return to regular development cooperation. The emphasis of the *Stability instrument* should be placed on conflict prevention and resolution, mediation and peace-building. It should not serve as a tool for disaster-relief, rehabilitation or recovery purposes.

There should be a *specific external affairs policy instrument* to finance activities related to the promotion of (global) public goods such as the fight against climate change, biodiversity, culture and education and some other non ODA activities such as political dialogue, trade, visa, people to people contacts.

The *European Instrument for Democracy and Human Rights* (EIDHR) is particularly important as it makes possible the financing of projects without the third country's host consent. It budget needs to be increased.

Administration

The Commission should present a clear analysis of administrative expenditure after 2013, taking into account the need to preserve a high quality administration, the new tasks and competences deriving from the Lisbon Treaty, the scope for efficiency gains, synergies and, where possible, savings, through further interinstitutional cooperation, review by each institution of its working methods and better separation of tasks of institutions and agencies. The analysis should also take account of medium and long term financial impact of pension systems, age related trends and retirement, recruitment and other areas of statutory provisions of staff working for EU institutions and bodies in view of the need to ensure long term sustainability.

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