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To: EU Environmental Ministers

Concerning: CEEweb's position on issues at the Council meeting on 9 March 2012

Budapest, 06 March 2012

Dear Minister,

On behalf of the CEEweb for Biodiversity, I am addressing you to introduce our views on some of the issues on the agenda at the forthcoming EU Environment Council. On the behalf of our international network, I kindly request you to take our positions and proposals into consideration when you are taking the decisions on the issues in question.

Please, find our key point below:

1. Position on the European Commission's proposal for a LIFE Regulation

In June and December 2011, the Council repeatedly expressed the need for appropriate EU funding to meet the target of the Biodiversity Strategy set for 2020. One of the most important elements of biodiversity financing mechanisms is the LIFE programme that aims to finance conservation and environmental projects. Also in December the European Commission released its proposal for the new Programme for the Environment and Climate Action (LIFE), suggesting a new frame and rules for the programme, as well as a budget allocating €3.2 billion for the period 2014-2020. It is the common opinion of environmental organisations, including CEEweb for Biodiversity, that the proposed allocation of funding will not be enough to achieve the aims of the Biodiversity Strategy. Some changes about the overall structure and eligibility rules proposed by the Commission jeopardize the efficient work of LIFE as they will prevent many organisations for applying for LIFE.

We request the Environmental Ministers, therefore, to follow their earlier positions in 2011 and support the increase the budget of LIFE Fund. Eligibility and funding rules should maintain in the new LIFE and the very successful bottom-up approach should be enhanced.

In order to improve the LIFE proposal for the benefit of nature, CEEweb for Biodiversity requests Environment Ministers to:

- Ensure that at least 1% of the EU Budget is allocated to the new LIFE Regulation, and at least 1 billion Euro is made available annually for LIFE biodiversity projects to deliver especially for Natura 2000;
- Guarantee an increased co-funding rate of 75% for project grants and sufficient resources allocated to bottom-up LIFE projects and the new type 'Integrated Project' will not be introduced at the expense of the old type bottom-up projects.
- Keep VAT and permanent staff costs eligible;
- Ensure that biodiversity aspects will be strongly considered in the new LIFE by giving priority at project selection procedure and providing higher co-funding rate to project proposals targeting priority habitats and species.

See Annex 1 for more detailed comments.

2. Preparation for the Rio+20

In the past 20 years the global sustainable development process has become a unique policy making platform under the umbrella of the United Nations. Notwithstanding all the efforts made in its

framework, there are several symptoms today, which warn us that we need more significant changes in the way we tackle socio-economic and environmental issues on global levels. Therefore, the EU should take the leading role in showing real, ambitious and essential political commitment and putting forward measures that are able to grab the problems at their roots.

CEEweb calls on Environment Ministers to adopt conclusions to:

- Strive for agreeing global legally binding commitments at Rio+20 Conference, since only through voluntary actions the desired goals can not be achieved.
- Acknowledge the need for limiting environmental pressures (and thus addressing the unsustainable consumption and production patterns), since only through this humanity can stay within safe planetary boundaries
- Urge the necessity of developing proper measures to realize the needed absolute resource and land use reductions causing the emerging environmental pressures. Measures shall include an energy quota scheme. This introduces an incentive system, which can ensure the access to resources, reduce the differences in resource and land use and help realizing resource efficiency investments for all.

See Annex 2 for more details.

3. Follow-up to the Durban Climate Conference of December 2011

One of the most important results of Durban is the agreement to adopt a legally binding new global climate deal by 2015, involving all major emitters (Durban Platform for Enhanced Action). Besides it was formally decided that a second commitment period of the Kyoto Protocol will run from 1 January 2013, thus avoiding a gap between the end of the first commitment period and the beginning of the new global deal.

CEEweb calls on Environment Ministers to adopt conclusions to:

- Bring up the idea of 80% emissions cut targeted globally by 2050 in the upcoming Durban Platform for Enhanced Action negotiations, coupled with the introduction of an input-side regulation, namely, the limit and gradual decrease of total demand for energy, natural resources and space used by industrialized countries also through introducing an international energy quota scheme (see Annex 2.)
- Quantify EU domestic target for the second Kyoto period as well as for the EU Climate and Energy package of at least 30% emissions reduction, as well as define rules governing the carryover of tradable carbon credit units (AAUs) in the second commitment period
- Support the adoption of EU-wide rules for counting LULUCF towards the EU's reduction commitment, as well as to adopt forestry and agriculture-specific targets at EU level
- Ensure the strictest conditions for sustainability in CCS project approvals, as well as ensure that CDM will not result in decreasing domestic measures in industrialized countries

See Annex 3. for more details.

Thank you in advance for your consideration of these points.

Yours sincerely,



Klára Hajdu

General Secretary

CEEweb for Biodiversity

Annex 1. - Position on the European Commission's proposal for a LIFE Regulation

In times of strained public budgets it is more important than ever to ensure European taxpayers' money is spent wisely, sustainably and where added value is highest. A recent study shows: greening only 14% of EU subsidies would result in the short-term creation of half a million jobs. Currently 78% of the EU budget supports not even 1.2 million jobs.

The ongoing negotiations of the next Multiannual Financial Framework 2014-2020 are the ultimate test for governments' credibility: the outcome will be decisive for success or failure in meeting 2020 environmental objectives and for avoiding future ecological debts for public budgets and economy. It is of fundamental importance that Member States receive support from the EU to safeguard the common natural capital of Europe. Especially, that in 2010 EU Member States committed to stop the loss of biodiversity by 2020 and to restore ecosystems as far as possible, both at European Council and United Nations level. Similar commitments exist in other environmental areas. To achieve this, the mobilization of additional resources and the reform of environmentally harmful subsidies is essential – and has been announced by governments at many occasions.

In the light of mounting environmental challenges, public budget constraints and proven cost-efficiency and socio-economic benefits of the EU's LIFE programme it is of paramount importance to increase the share of LIFE in the EU budget from 0.23% to 1%. This can be achieved through very limited readjustments of budget lines within the Multiannual Financial Framework 2014-2020.

It is widely agreed that the LIFE programme is essential to support Member States in implementing EU environmental law and address the above mentioned challenges. With currently only 0.23% of the EU budget LIFE has proven to be of outstanding cost-efficiency, combining measurable environmental results and socio-economic benefits with involvement, empowerment and awareness raising of critical local stakeholders. It is an excellent example of EU action that delivers visible added value to citizens.

While we are strongly convinced that the introduction of this new 'Integrated Project' type must not come at the expense of traditional bottom-up projects.

CEEweb strongly argues for keeping the eligibility of VAT and permanent staff costs, however we would strongly object the proposal to decrease proposed co-financing rates. On the contrary, it is of utmost importance for future success of the LIFE programme to increase co-financing rates independently from eligibility aspects. Otherwise most Member States might no longer be in a position to carry out a significant amount of LIFE projects.

Many civil-society and governmental organisations that are experienced with LIFE projects are alarmed by the European Commission's proposal to make VAT and permanent staff costs ineligible under LIFE. These changes would have prevented many successful projects of the past for a number of reasons, including: (1) In practice, these new non-eligible costs could, in many cases, not be covered by funds raised outside of project budgets (*i.e. higher co-financing rates cannot address this problem*); (2) In several other EU funding programmes these costs are eligible; (3) The European Parliament has recently expressed its position that VAT should be eligible in EU funds as a general rule; (4) VAT rates as well as possibilities to reclaim VAT differ greatly among Member States, therefore, ineligibility of VAT is against equal opportunities; (5) Permanent staff is vital for successful and high-quality project implementation; (6) For many organisations it is not possible to base LIFE projects on temporary staff; (7) The Commission proposals, which imply a de-facto co-financing rate of 50% or less, would make targeted conservation actions in especially biodiversity-rich regions impossible, where currently often a 75% co-financing rate is granted under LIFE.

At the same time, it is of paramount importance that the Council clearly supports higher co-financing rates for the LIFE programme in general. For all project types a co-financing rate of 80% should be introduced, with possible higher rates for Integrated Projects and projects in economically less developed regions.

Already today experience shows that the need to mobilise 50% co-financing prevents many good project applications, especially in economically less developed regions with scarce public budgets. In the future, this problem will significantly grow, putting at risk the impact of the LIFE programme in general in many Member States. The desired leverage effect of LIFE has to be seen in this context.

It is also important to integrate biodiversity aspects into the structure. Ironically, consideration of level of biodiversity is not mentioned explicitly in the new LIFE proposal, and according to it, there will not be a higher EU co-funding rate for projects targeting priority species and habitats. If we consider the other proposed changes (e.g. available overall budget, new project types, eligibility rules, etc.) and the fact that usually the poorest EU countries hold the largest areas of priority habitats and the most priority species, the result is that those countries (running so far the most 75% EU co-financed projects) will have to compete with the financially richer, but less biodiversity-rich countries for funding, and they will very likely lose out. It means after all that there will be less funds available for conserving priority species and habitats, which drives away the EU from reaching the 2020 targets of Biodiversity Strategy. CEEweb therefore calls Environment Ministers to support the integration of biodiversity criteria into the new LIFE proposal, as well as the provision for a higher co-financing rate for projects targeting EU priority species and habitats.

Annex 2. - CEEweb comments to the Environment Council of 9 March 2012 on:
Preparation of the Rio+20 United Nations Conference on Sustainable Development

The world is facing emerging global environmental as well as social challenges. The United Nations Conference on Sustainable Development (UNCSD) aims to address these very complex issues. Unfortunately not much interest from UN governments has been shown towards the event so far, which poses a huge obstacle to achieve its desired and very essential goals. Therefore, it is crucial now that decision-makers start to get involved immediately and contribute to reach global agreement, since only real, ambitious and legally binding commitments can guide humanity out of the current crises.

The so-called *The Future We Want* has been widely discussed by stakeholders. Resulting unfortunately in a paper lacking vision, ambition, balance and action oriented language. It is extremely sad to realize such a low level of ambition only five months before the Summit, where Heads of States aim to discuss and decide on the future of the planet and all living species. It will be extremely difficult to attract Heads of States to travel to Rio and agree on a text full of clichés and rhetoric, with no commitments, reaffirming evident and earlier agreed principles and human rights.

Therefore, CEEweb for Biodiversity calls the Environmental Council to take the leading role in tackling global environmental and social problems at the same time and push for an ambitious global deal on development. Only this can secure that economic activities stay within the global carrying capacity, the access to resources and land is ensured to all, and the generated benefits are shared equitably. Such a global deal shall be translated into concrete actions underpinned by strong political will, and regularly monitored with an active involvement of the civil society. This deal aims to embody the transition to a sustainable green economy. It requires the absolute limitation and reduction of environmental pressures in order to that humanity stays within the carrying capacity of the Earth.

Therefore, CEEweb calls the Environmental Council to acknowledge that changing the boundary conditions of the economy and more specifically reducing the resource use globally is inevitable, which shall be realized together with ensuring equal access to resources and equitable sharing of benefits for all. Actions to address production and consumption patterns and limit natural resource use shall include an energy quota scheme. This introduces an incentive system, which can ensure the access to resources, reduce the differences in resource use and help realizing resource efficiency investments for all. It can also boost research, innovation and employment in sectors that contribute to the efficient and sustainable use of resources. The four pillars an [energy use quota system](#) shall cover all non-renewable energy sources, and they should be applied on national and global levels:

- ⤴ Resource use quota system introduced for countries on international level and for each individual, public and private consumer on national level. The quota system ensures the yearly reduction of all non-renewable energy resources on global level. Those, who save part of their allocated annual quotas, can sell their remaining quotas through the quota managing organization to those who have consumed more than their allocated quotas. The quota managing organization sells the quota in the national currencies, and buys the remaining quota for quota money.
- ⤴ The market for environmental goods and services is an open market operating according to environmental and ethical rules including aspects of sustainability and market considerations. The quota money received from selling energy quotas could be exchanged to products in this 'eco-labeled' secondary market.
- ⤴ The revolving fund provides the opportunity for everyone, both energy producers and consumers, to be able to achieve savings through energy efficiency and renewable energy investments. The Revolving Fund provides interest free loan in quota money with a payback period adjusted to the energy savings or income generation realized through the investment.
- ⤴ The support service aims to provide advice on lifestyle, planning, social and environmental issues, as well as information on the functioning of the scheme to consumers.

CEEweb for Biodiversity calls the Environment Council to support this measure, since the global quota scheme enables the necessary radical change in developed countries, as well as leapfrogging in developing countries. Furthermore, applying the quota scheme at international level can generate funds for innovations, technology-transfer and capacity building in developing countries from the trade of energy quotas.

Annex 3. - Follow-up to the Durban Climate Conference of December 2011

Durban Platform for Enhanced Action: one of the most important results of Durban is the agreement to adopt a legally binding new global climate deal by 2015, involving all major emitters.

CEEweb welcomes the EU's leading role in the negotiations so far and calls upon the Council to ensure its leading role in the future negotiations too.

CEEweb calls upon the Environment Ministers to adopt conclusions regarding the EU's proposals in the upcoming Durban Platform for Enhanced Action negotiations. These proposals should bring up the idea of 80% emissions cut targeted globally by 2050, coupled with the introduction of an input-side regulation, namely, the limit and gradual decrease of total demand for energy, natural resources and space used by industrialized countries, realised with the help of an international energy quota scheme.

In order to maximize global warming at 2 degrees Celsius and to adopt reduction targets recommended by IPCC, 80% emissions cut should be targeted by 2050 globally, which practically means that our fossil fuel use should fall near zero. The Fast-growing economies also need to commit themselves to deep cuts in their emissions. GHG emissions, excessive use of natural resources and degradation of natural ecosystems are equivalently important causes of climate change. Therefore, to avoid climate change turning to uncontrollable and catastrophic, we should target all three. This means that (1) decreasing our use of natural resources as well as (2) giving more space for nature and its processes (by protecting remaining natural surface cover and restoring a significant part of degraded ecosystems) should get the same priority in climate change mitigation as (3) cutting our emissions of greenhouse gases. If we focus only on emission cuts, the savings due to enhanced efficiency and renewable share can easily be overgrown by the fast increase of needs, and on the other hand, some of the solutions (such as agrofuels) seriously endanger biodiversity and eventually result in even higher emissions.

Consequently, industrialized countries need to limit and gradually decrease their total demand for energy, natural resources and space, until we reach the carrying capacity of the Earth. Ecological Footprint should be used here as an indicator.

In Durban it was formally decided that a second commitment period of the Kyoto Protocol will run from 1 January 2013, thus avoiding a gap between the end of the first commitment period and the beginning of the new global deal. CEEweb calls upon the Environment Ministers to quantify EU domestic target for the second Kyoto period as well as for the EU Climate and Energy package of at least 30% emissions reduction, as well as define rules governing the carryover of tradable carbon credit units (AAUs) in the second commitment period. Besides, CEEweb calls upon the Council to support the adoption of EU-wide rules for counting LULUCF towards the EU's reduction commitment, as well as to adopt forestry and agriculture-specific targets at EU level.

The 2020 pledges currently on the table are far from to fulfill the need to maximize global warming at 2 degrees Celsius and to adopt reduction targets recommended by IPCC. Even if fully realized, they will not stop the global average temperatures from rising at least between 3 and 4 degrees. The consequences of such warming would be catastrophic for millions of people as well as for a huge range of natural ecosystems. Therefore, bearing in mind that the world is rapidly facing a resource constrained and volatile future, we believe that the EU should set a target of at least 30% emissions reduction for the second Kyoto period, as well as consider the possibility to adopt a target of 40% reductions below 1990 levels by 2020, achieved by entirely domestic efforts (excl. CDM).

We urge the inclusion of Land Use, Land Use Change and Forestry (LULUCF) sectors in carbon accounting compulsory for EU Member States, in order to avoid release of the carbon stored in forests and soils as well as to support their natural carbon sink potential. At the same time we emphasize the necessity of the ecosystem-approach towards the role of agriculture and forestry in mitigation. We need to find convergence of interests between soil conservation, climate change mitigation and adaptation, water management, food production, disaster mitigation and biodiversity conservation. Natural solutions supporting ecosystem services have been proven to bring multiple benefits and be extremely cost-effective at the same time.

According to decisions of the UNFCCC CMP7 in Durban, carbon capture and storage technology (CCS) will be included in the Clean Development Mechanism (CDM), following the preliminary decision at COP16/CMP6 in Cancun. While having concerns about the very idea of CCS, CEEweb calls upon Environment Ministers to ensure the strictest conditions for sustainability in CCS project approvals. Furthermore, CEEweb calls on the Council to ensure that CDM will not result in decreasing domestic measures in industrialized countries.

CDM can be a useful tool to support sustainable development in poor countries; however sustainability should be a keyword in project approval, and it should not result in decreasing domestic measures in industrialized countries. Nevertheless we are very concerned about including CCS technologies in CDM. CCS is an end-of-pipe solution requiring a lot of investment in terms of fossil energy, and there are serious concerns about their feasibility, costs, safety, and liability. They conserve the current structure of energy sector being based mostly on fossil fuels. Instead of such end-of-pipe solutions, real solutions should target the drivers of climate change, namely the excessive use of energy, natural resources and space.

CEEweb for Biodiversity is a network of non-governmental organizations in the Central and Eastern European region. Our mission is the conservation of biodiversity through the promotion of sustainable development.