

STATEMENT ON THE FUTURE COHESION POLICY POST-2013

COALITION FOR SUSTAINABLE EU FUNDS

RESPONDING TO THE EC'S CONCLUSIONS OF THE FIFTH REPORT ON ECONOMIC, SOCIAL AND TERRITORIAL COHESION

The European Environmental NGO Coalition for Sustainable EU Funds aims for a reform of the EU funds in order to make sure that they contribute to sustainable development and are spent efficiently and in a transparent manner.

EU Regional Policy and Structural and Cohesion Funds (SCF) should foster sustainable development and catalyze the transformation to a resource-efficient society, one whose energy consumption is low and is based on renewable sources. In so doing it should support the deployment of energy-saving measures and renewable energy sources and should contribute to the decarbonisation of the transport sector. At the same time it should prevent any harmful social and environmental impacts in its investments and actively protect biodiversity and improve ecosystem resilience.

• How could the Europe 2020 Strategy and cohesion policy be brought closer together at EU, national and sub-national levels?

Cohesion Policy can better integrate the efforts of municipalities, regions and Member States to move towards a path of sustainable development in line with the Europe 2020 Strategy and beyond.

Mitigating and adapting to climate change, halting biodiversity loss, protecting ecosystems and the sustainable use of natural resources are Europe's major environmental challenges. These should be tackled at the Community level via existing instruments and require concerted efforts. The Europe 2020 strategy with its 20/20/20 climate targets (although insufficient) and the newly introduced concept of *territorial cohesion* are preparing the grounds to redirect Cohesion Policy towards new and obligatory priorities. Crucially the last of the 7 Flagship Initiatives under the EU 2020 'A resource efficient Europe', published in January 2011, sets the reform of the Cohesion Policy in a context of a transition to a low carbon and resource efficient economy. This high level political commitment should now catalyze the transition to an eco-efficient and low energy-consuming development path

prioritising energy efficiency and savings, renewable energy sources and supporting innovation, while avoiding shifting support from these to nuclear and CCS.

With the introduction of *territorial cohesion* and its focus on specific assets and challenges facing different regions, the future Cohesion Policy aims to foster specific territorial assets via a sustainable path (biodiversity, the potential for green jobs, local renewable energy production). SCF should be seen as a tool that addresses the need to adapt to climate change, improve inefficient energy systems, reduce high energy consumption, support a transition in resource intensive manufacturing sectors to more efficient production processes and developing relevant skills among the workforce, minimise environmental pollution and transport congestion, redevelop degraded urban area; and protect and restore ecosystems and the services they provide through the development of green infrastructure. In this way Cohesion funding would contribute to achieving the EU's long-term sustainable development objectives beyond 2020.

In order to facilitate the shift towards sustainable development priorities, an integrated 'all-levels-approach' within Cohesion Policy planning, programming and implementation is needed. This would guarantee policy coherence throughout sectors and policies and require the involvement of all levels of governance (EU, Member States, regional and sub-regional authorities) and stakeholders into planning and decision-making processes. Besides mainstreaming environmental concerns and objectives into all EU policies and interventions, it should also take into account regional- and locally-specific needs and include all stakeholders, providing full transparency and applying partnership principles comprehensively.

• Should the scope of the development and investment partnership contract go beyond cohesion policy and, if so, what should it be?

A new architecture serving sustainable regional development will need to be developed.

This should cover and govern agreements with Member States, regional and local authorities concerning their financial commitments, strategic objectives, investment priorities, specific and measurable targets and environmental protection conditionalities and as well should rule the prevention of mutually-undermining subsidies need to be anchored within a new institutional setup.

A Common Strategic Framework (CSF) should establish the protection of the environment as a thematic priority for the next programming period and introduce ambitious earmarks for

spending on environmental protection and climate change mitigation and adaptation. The CSF should provide for the coherence of national strategies, policies and plans with European environmental priorities so as to ensure that Member States' programming is strategically linked to the overall EU sustainability objectives (e.g. by linking national CO2 reduction targets or biodiversity targets with Cohesion Policy funding).

The CSF should go beyond the Europe 2020 Strategy as well and reflect other EU environmental policies, strategies and legislation, in particular to achieve compliance with environmental *acquis*.

Additionally it should set the stage for a comprehensive system of environmental safeguard mechanisms (climate- and biodiversity-proofing) and conditionalities that can be implemented throughout the programming cycle with a goal to stop the provision of subsidies that harm the climate and biodiversity e.g. support for air transport - it should undergo SEA itself.

Also the CSF must facilitate the integration among EU, national and sub-national governance levels and other stakeholders, to enhance these and define common SMART performance targets for programmes and projects.

Within the Development and Investment Partnership Contracts (DIPC) for Cohesion Policy, Member States have to lay down their sustainable development plans and quantitative/SMART targets to be achieved. Those targets have to be elaborated comprehensively and inclusively (including all governance levels and stakeholders) in their National Reform Programmes beforehand. The DIPC stipulates the conditionalities for Cohesion funding, sanctions and incentives regarding the target achievement. It should guarantee that national funding frameworks provide sufficient funding for the EU's overall environmental objectives, especially climate and biodiversity targets, and outline how the targets laid down in the contract will be achieved, under consideration of all possible financing sources. The contract should be subject to ex-ante evaluation, including SEA, and national issues of environmental harmful subsidies should be addressed explicitly.

Spending categories have to be revised, better defined and given clear guidelines to avoid contradictory approaches (e.g. natural flood protection versus the destruction of floodplains for water infrastructure) and should be connected to measurable targets that are clearly linked to the objective of each spending category. A revision of spending categories should emphasise new EU environmental priorities and provide guidelines for eligible measures.

All purchasing done in the context of EU funded projects should meet as a minimum the Green Public Procurement standards set by the EU.

• How could cohesion policy be made more results-oriented? Which priorities should be obligatory?

Stronger thematic concentration on obligatory environmental priorities

Cohesion Policy priorities and objectives need to be redefined and focused on enabling sustainable development and accounting for the ecological limits of the planet. Therefore, regions have to be evaluated beyond their GDP. For this new indicators will need to be developed, agreed upon and used as announced in the Resource Efficiency Flagship.

With what concerns the quality of Cohesion funding within all sectors and programmes, ecosystem protection, climate change and resource efficiency should become horizontal, cross-cutting and obligatory priorities with clear references to other EU policies as it has been stipulated in the Resource Efficiency Flagship.

In 2007-2013 spending allocations for climate change mitigation measures were a meagre EUR 9 billion for the EU27 as a whole (less than 1 percent of the entire EU budget funding for the 7 years). Prioritisation of key environmental objectives in the post-2013 Cohesion Policy and the earmarking of funds are fundamental to guarantee sufficient funding sources and to ensure that the support for innovation is clearly leading to reductions in GHG emissions and resource intensity.

The transition to a sustainable, high efficiency and low emission society and economy will require new skills and professional capacities, therefore a substantial part of the European Social Fund should be devoted to establishing a new workforce dedicated to energy efficiency and renewable energy-related professions (energy auditors, workmen able to carry out deep retrofitting of buildings, etc), including education and training for these new job profiles.

Embracing European wide energy infrastructure should be supported with the clear aim of facilitating an uptake of energy from renewable sources and the necessary investments in establishing local and regional demand and supply circuits or cross-border grid infrastructure that is needed to support a high renewable component of EU electricity generation and promote energy efficiency. At the same time it is crucial that in the development of this

energy infrastructure, standards in the field of wider environmental protection and public participation as laid down in the EU environmental *acquis* will be upheld.

EU Structural funds have previously supported, often small scale, green infrastructure projects. However, for ecological benefits, these investments should support an interconnected network of natural areas and open spaces that conserves natural ecosystem values and functions, sustains clean air and water, and provides a wide array of benefits to people and wildlife. Therefore, investments on green infrastructures will need to be scaled up and used to support more advanced infrastructures which create space for and make use of ecological processes (e.g. ecosystem-based water treatment instead of only building water treatment plants, or natural flood protection that holds excess rainfall instead of ever higher flood defences designed to get rid of the water as quickly as possible thereby only moving and increasing the flood risk downstream). These investments are also beneficial for increasing job possibilities, increasing recreational use of space, increasing the value of land and producing resources usable for the local economy. Green infrastructure may also save capital costs associated outdated inflexible infrastructure including paving building large collection and conveyance systems, digging large tunnels and centralised storm water ponds, operations and maintenance expenses for treatment plants, pumping stations, and pipes. Through an interconnected network of natural areas and open spaces, the costs of adaptation and mitigation to climate change are also reduced (e.g. through preventing damage by extreme events). Furthermore, these interventions should specifically contribute to the implementation of the Natura 2000 network which together with the River Basin Management Plans under the Water Framework Directive forms a solid policy basis and the backbone of a green infrastructure.

Cohesion Policy funding for the transport sector should be used to stimulate carbon efficient transport projects and allocate funds to allow a smart and low carbon upgrade of the network. Such measures should be favoured including projects that support road charging, soft mobility, traffic management, rail electrification, interoperability and low-carbon energy infrastructure. Moreover in order to fulfil the objective of a more efficient transport system, alternative means for funding new infrastructure construction should be considered. Also every transport project supported by EU funds should contribute to the reduction of GHG, with a strict conditionality based on a climate impact assessment of the investment, and no funding should be awarded to aviation or to projects that lead to unacceptable biodiversity loss or ecosystem degradation. The EU should not support untolled highways, and where road projects are judged to be eligible for funding support following the proper assessments, this must be conditional upon 'user pays' provisions. Transport infrastructure projects should

also be focused on measures that would reduce the environmental impact of transport activities in urban areas. Therefore cohesion policy funding should also support public transport as well as the implementation of ITS, the creation of freight consolidation centres or congestion charging schemes.

• How could conditionalities, incentives and results-based management make cohesion policy more effective?

Implement conditionalities and environmental safeguards, incentives and results-based management into the new architecture.

Compliance with EU environmental *acquis* should be a minimum conditionality for all EU-funded projects. Conditionalities on cross-cutting priorities (e.g. efficient energy and resource use standards) should be implemented at the programme and project levels. Climate impact monitoring systems should be developed, and every transport project should ensure alternatives are investigated in a credible way. Climate and biodiversity proofing must be applied to the whole programming cycle, with SEA and EIA conducted timely and reliably.

More efficient and reliable evaluations of programmes and projects *ex ante* are necessary. Evaluation and monitoring processes should refer to the results-based approach of the future Cohesion Policy by assessing achieved results against planned targets. In order to promote good projects, the use of financial incentives for good performance shall be further encouraged e.g. by granting performance reserves to the achievement of climate targets and results. The auditing system should shift its focus from 'receipts to results'.

Although the environmental policy framework is largely in place, its weak implementation combined with institutional weakness and a lack of political interest at the local level has been hampering a sufficient uptake of EU spending on environmental priorities. And in some areas this framework has still been missing, most crucially a missing binding target on energy savings. In order to overcome this, and help make the cohesion policy more sustainable as a policy, a joined up effort is now needed that will ensure EU spending will match policy ambitions. Sufficient support and technical assistance for local and regional authorities will also need to be ensured.

• How can the partnership principle and involvement of local and regional stakeholders, social partners and civil society be improved?

Strengthen transparency and public participation.

Cohesion Policy managing authorities should provide for the full disclosure of costs and impacts of programmes, subsidies and projects, in order to inform EU citizens. The

information should be timely and easily accessible at all relevant levels (European, national and regional).

The regulations guiding Cohesion Policy funds should include binding measures for meaningful public participation and partnership of all relevant stakeholders, including civil society, at all stages (preparing, programming and implementation) and levels (European, national and regional). Stakeholder inputs should be taken seriously, guaranteeing the proper application of procedures, facilitating the accountability of political processes and decisions, improving the quality, relevance and effectiveness of government policies, and ensuring that socio-environmental concerns are addressed alongside economic issues. This involves upholding the essential elements of the EU's democratic system, going well beyond mere consultation.

Finally, enhanced public participation and the involvement of NGO's will be critical to increasing the absorption of EU funds for environmental priorities.

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