

## Greening the Cohesion Policy: Efficient investments to deliver sustainable prosperity and jobs

The €336 billion of the future Cohesion Policy 2014-2020, second largest EU fund, will be a decisive tool for shaping EU's future resource efficient low carbon economy.

The EU has identified the need to accelerate efforts to reduce resources and environment depletion. Member States have set vital targets for 2020, including halting biodiversity loss, reducing carbon emissions by 20% or 30%, improving energy efficiency by 20%, and increasing the use of renewable energies by 20%. Clear strategies and roadmaps are set to achieve these objectives. In terms of investment policy, these objectives need to be matched by adequate financial resources to steer investments in the right direction.

### WHAT IS THE PROBLEM?

Cohesion Policy is the EU's sole territory specific investment policy. It plays an important role in steering local economies and in accelerating the transition progress towards building sustainable economies within ecological limits. Its investments are mainly directed towards the poorest regions of Europe.

But some perverse investments have caused environmental damage, ignoring the need for healthy livelihoods, and not accounting the overall need for sustainable development of the regions. These perverse investments have often intensified the pressure on the environment: e.g. 54% of transport infrastructure funding goes to roads and airports, increasing GHG emissions or harming ecosystems services, while only 29% go to rail and 1% to Intelligent Transport Systems.

Green investments however still remain limited in the Commission's proposal for a reformed Cohesion Policy. As it stands now, it is a missed opportunity. In a time of crisis and austerity, investments should be massively redirected to sectors of the green economy that will be the lead markets in the future, namely investing into energy and resource savings, renewable energies, decarbonised transport, sustainable cities, green infrastructures and biodiversity protection and restoration. The reform of this policy represents a huge opportunity for Europe to move to an economy in social and ecological balance, strengthening local economies, creating new jobs and supporting innovative approaches in all regions across Europe in the coming decades.

### WHAT ARE THE SOLUTIONS?

In order to maximise the benefits delivered by the future Cohesion Policy and ensure its overall success in achieving the fundamental energy and environment 2020 targets, environmental NGOs call on MEPs to support and strengthen the Commission proposal in order to:

1. Enhance mainstreaming of environment and sustainability;
2. Secure the implementation and monitoring of a coherent sustainable Cohesion Policy;
3. Improve multi-level governance.

**1. ENHANCE MAINSTREAMING OF ENVIRONMENT AND SUSTAINABILITY (CLIMATE ACTION, BIODIVERSITY PROTECTION, RESOURCE EFFICIENCY)**

Steering mechanisms will be needed to fully integrate the sustainable development goal into the full scope of Cohesion Policy. Furthermore, it is necessary to mainstream and introduce sustainable development criteria for all areas of investments. This will further increase the possibility of regions to choose green investments options that are cost effective and have high returns. As an example, a green infrastructure project of 30.000 ha of peatland restoration in Trebetal (Germany) has resulted in up to 300.000 t CO<sub>2</sub> emissions reductions per year with the very low abatement cost of 4-12 €/t CO<sub>2</sub>, an extremely cost effective option to achieve mandatory carbon targets. On average, the abatement cost for the gas industry project is 40€/t CO<sub>2</sub>, for coal-gas fuelled switch 70 €/t CO<sub>2</sub>, and for CCS 70-120 €/t CO<sub>2</sub>. To achieve this, the following elements of EC's proposal should be supported and in some aspects improved.

Proposals to strengthen spending targets

- Support the Commission's proposal in earmarking for climate mitigation and increase it from 20% to 25% in developed and transition regions and from 6% to 15% in less developed regions. Member States are currently failing on the 2020 energy efficiency target and strong financial incentives are required to accelerate the investments to achieve this crucial goal.	ERDF
- Include additional earmarking of minimum 15% to the Commission's proposal for a priority on environment. This will support efforts for compliance with environmental acquis and the achievement of the biodiversity target to halt biodiversity loss by 2020, while creating economic opportunities and green jobs in all European regions.	ERDF
- Support the Commission's proposal for a 5% earmarking for sustainable urban development.	ERDF

Proposals for a more effective spending

- Strengthen the thematic objective on environment by explicitly mentioning 'protecting biodiversity and the environment and promoting resource efficiency' to ensure a concrete integration of nature conservation into projects.	Common regulation
- Support climate proofing and the integration of horizontal principles including the establishment of ambitious environmental milestones, targets, common and result indicators in the Partnership Contracts and Operational Programmes to implement the sustainable development principle set out in the common regulation and to contribute to achieving EU 2020 targets.	Common Regulation
- Ensure that the Strategic Environmental Assessment of Programmes will be part of the drafting of the Partnership contracts and Operational Programmes, to ensure coherence between the Programmes and environmental policies.	Common Regulation

## 2. SECURE THE IMPLEMENTATION AND MONITORING OF A COHERENT SUSTAINABLE COHESION POLICY

In order to ensure effective compliance with the applicable environmental acquis the Partnership Contracts and Operational Programmes must provide for an adequate compliance, monitoring and reporting framework.

### Proposals to strengthen environmental ex ante conditionalities

- Support the proposed ex ante conditionalities to ensure good use of EU funds spending in line with EU objectives.	Common Regulation
- Include additional ex ante conditionalities to the Commission's proposal for biodiversity, for energy savings, for proper environmental impact assessment (including climate and biodiversity issues), for green public procurement and for public participation and transparency.	Common Regulation

### Proposals to include Europe 2020 criteria for the performance reserve

- Support the Commission's proposal for performance reserve. Projects that are performing the most sustainably and are valuable for the environment should be rewarded with additional funding because they boost eco-innovation and best practice. Allocation of money should therefore be based notably on environmental criteria, incentivising best environmental performance.	Common Regulation
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### Proposals to ensure an effective enforcement mechanism

- Support the Commission's proposal on the procedure for a staggered suspension of payment in case of non compliance of programmes with ex-ante conditionalities or no achievement of agreed targets. It is necessary, for the efficiency and credibility of Cohesion Policy, to ensure the existence of an effective enforcement mechanism.	Common Regulation
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### Proposals to ensure climate and biodiversity tracking

- Support the Commission's proposal to track climate spending with an appropriate methodology that can be integrated throughout the different funds and provides valid data to know how much money delivers climate benefits – ensuring that the Commission's proposal of spending 20% of the EU budget in climate friendly actions will be achieved.	Common Regulation
- In addition, introduce environmental and biodiversity tracking with a simple methodology, to measure direct and indirect support towards the environmental acquis and the 2020 target of halting biodiversity loss and protecting a key basis of our livelihood and economy.	Common Regulation
- Enhance the Commission's proposal by also tracking expenditures that are detrimental for the climate. The methodology introduced based on the "Rio Markers", is too simplistic in its analysis of climate-related expenditures and further fails to track expenditures that are counter-productive for tackling climate change.	Common Regulation

Proposals to integrate environmental targets and indicators in planning and implementation

- Support the Commission's proposal for qualitative result oriented indicators and propose additional environmental indicators, in order to implement the sustainable development principle and to assess the results and efficiency of the programmes.	ERDF and Cohesion Fund
- Support and enhance the Commission's proposal to include environmental targets to programmes that are consistent with EU 2020 targets.	ERDF and Cohesion Fund

**3. IMPROVE MULTI-LEVEL GOVERNANCE**

A strong involvement of multi-level stakeholders (local authorities, public, NGOs) leads to a better implementation and efficiency of programmes, improving their quality and delivery. Local stakeholders often possess the best knowledge about local situations and citizens are more supportive of local projects that have a direct impact on their well-being and local economy.

Proposals to enhance public participation

- Support the Commission's proposal for a European code of conduct laying down objectives and criteria for the implementation of public partnership and facilitating information sharing, experience, results and good practices among Member States, and ensure it relies on best practice all over Europe.	Common Regulation
- In addition to the Commission's proposal for a European Code of Conduct, partners need to receive support for capacity building to be able to fully participate in the design, implementation and evaluation of Partnership Contracts and Operational Programmes.	Common Regulation
- Enhance the Commission's proposal for Operational Programmes to be submitted together with Partnership Contracts 3 months after the adoption of regulations while ensuring that adequate public participation and SEAs have been completed. The programming cycle should allow for sufficient time for partners to be consulted and to give feed back to the design of programmes and the evaluation of ex-ante conditionalities.	Common Regulation

Proposals to enhance transparency

- Ensure that programming documents, timelines and information for all projects will be published on a single website, allow for effective public participation at early stage, when all options are open as envisaged by Regulation EC 1367/2006 on the application of the Aarhus Convention.	Common Regulation
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In ensuring proper mainstreaming of climate and biodiversity, implementation, monitoring and evaluation of programmes and projects based on environmental criteria, while improving multilevel governance, the Union's Cohesion Policy will support a more coherent and effective regional development policy making our future economy sustainable and cohesive.

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