

Cohesion Policy 2014-2020 priorities for the Cyprus Presidency 2012

During the Cyprus Presidency the ordinary legislative procedure for adopting the regulatory framework on the future Cohesion Policy shall be concluded.

This overview highlights opportunities to improve key aspects of three regulations under preparation, the Common Provisions Regulation, the European Regional Development Fund and Cohesion Fund regulations, to ensure that these EU funds contribute to reach the EU 2020 environmental targets, create regional green jobs, enhance economic opportunities and address environmental challenges of climate change, biodiversity loss and resource inefficiency.

Common Provisions Regulation: Key areas to support

There are five key areas to support:

1. Support a strong partnership principle;
2. Support measures for environmental protection and resource efficiency;
3. Support low carbon investments and climate assessment of programmes;
4. Focus on sustainable transport;
5. Improve the result orientation of Cohesion Policy.

1. Support a strong partnership principle

Support a strong implementation of the partnership principle and multilevel governance: they are the best way forward for an efficient Cohesion Policy by ensuring local and regional ownership of programmes, plans and projects, defining their content based on the assessment of respective needs of the regions, raising the quality of spending and ensuring that only the most appropriate projects with most added value will be supported.

- **Support an explicit reference to Article 5 when mentioning partners**
- **Prevent establishing a “two-class” partnership where social partners, stakeholders and civil society have a subordinated role**
- **Ensure involvement of both regional and local authorities and partners within Partnership agreement**
- **Provide more time to Member States when drawing up programmes**
- **Support and strengthen the European Code of Conduct for partnership and REJECT its deletion**
- **Ensure involvement of partners in the assessment of ex ante conditionalities**
- **Ensure involvement of partners in the ex-ante evaluation of programmes**
- **Ensure that partners can benefit technical assistance**
- **Strengthen the involvement of partners in major projects**
- **Improve access to information and communication**

2. Support measures for environmental protection and resource efficiency

Ecosystems and biodiversity should be explicit as a fundamental basis of our livelihoods and economy. Under business as usual, it is estimated that the loss of European biodiversity and ecosystems' services will have a yearly cost to society of €1 trillion by 2050. The EU adopted the target of halting biodiversity loss by 2020 and a Flagship Initiative on resource efficiency under the Europe 2020 Strategy. This should be better reflected in EU policies including Cohesion Policy.

Any climate change adaptation measure should be based on an eco-system based approach, and avoid the construction of "grey infrastructure"

- **Make biodiversity and ecosystems more explicit in the scope of EU funds**
- **Ensure tracking of spending for biodiversity**
- **Support the development of integrated approaches between the CSF funds**

3. Support low carbon investments and climate assessment of programmes

It should be guaranteed that EU investments are consistent with EU 2020 targets, including climate and energy ones. This requires to better evaluate the climate impact of programmes and quantify their emissions where appropriate.

- **Ensure there is a climate assessment conducted for every programme**
- **REJECT public transport to be added under the scope of thematic objective 4 (climate mitigation); support instead Sustainable urban mobility**
- **Support and strengthen the reference to 20% of the EU budget for climate change objectives and REJECT its deletion**

4. Focus on sustainable transport

Transport is the biggest expenditure of Cohesion Policy (24% of total spending). Ensuring that investments in very long term infrastructures focus on sustainable transport and are consistent with long term climate targets is essential.

- **Focus transport investments on improving existing infrastructures**
- **Support the internalisation of external costs of all transport modes**
- **REJECT the over- emphasis of transport infrastructures**

5. Improve result orientation of programmes

A better result orientation will maximise results and increase the delivery of Cohesion Policy.

- **Include measurable targets and indicators to ensure better quality, monitoring and delivery of programmes.**
- **Support the compliance with ex ante conditionalities**
- **Keep the performance framework**
The performance framework is a fully justified part of the new architecture to ensure

European Regional Development Fund (ERDF): Key areas to support

There are four key areas to support in the European Regional Development Fund's regulation:

1. Support the improvement of the scope of ERDF on basic services in developed regions;
2. Strengthen the climate thematic concentration (scope and percentage);
3. Support measures for environmental protection and resource efficiency;
4. Focus on sustainable transport.

1. Support the improvement of the scope of ERDF on basic services in developed regions

- It is sensible that large scale investments in carbon-intensive, grey infrastructure for the environment and transport are no longer a priority in more developed regions that have been benefiting of Cohesion Policy for a long time. However, Article 3 should not prohibit investments in infrastructures providing basic services in the areas of ICT, innovative solutions and cross-border cooperation under the European territorial cooperation goal. There is a real opportunity to find a balanced compromise on this issue.

2. Strengthen the climate thematic concentration

The climate thematic concentration is one of the most important new elements of all Cohesion Policy regulations. To ensure a low carbon path for European regions, create green jobs and achieve EU 2020 energy and climate targets, the climate thematic concentration should be strongly supported and enhanced.

- **Support the improvement of the scope of the climate thematic concentration**
The Commission rightly focuses the climate thematic concentration on energy savings and renewable energy sectors mainly. To reach a critical mass and not dilute the approach, the scope of the climate thematic concentration should NOT be expanded, or as least as possible.
 - Distribution of cogeneration and district heating and cooling could be included only if they focus on high efficiency distribution networks. Such a focus on very efficient systems will deliver the biggest value for money, and it should NOT include the power production itself that would distort the carbon market from the ETS directive.
 - Land based projects delivering both on climate mitigation and adaptation should be included. They deliver win-win solutions for achieving climate objectives while also supporting rural communities;
 - The support for energy efficiency and renewable energy use in SMEs is appropriate. If the scope is expanded to large companies, the minimum should be that ERDF primarily supports SMEs, which are the companies most deserving public support;
 - Including the entire public and low carbon transport sector (more than 10% of Cohesion Policy) would make the climate thematic concentration useless because

the target would be automatically reached with the single public transport sector - meaning no additional support would go to energy efficiency and renewable energies. Therefore public transport as such should NOT be included. Sustainable urban mobility, more specific, could however be a balanced compromise. **The percentage of the climate thematic concentration should be raised accordingly (see below);**

- A few MEPs tabled amendments to include fossil fuels in the climate thematic concentration (oil and gas). Subsidizing fossil fuels will increase the costly addition of Europe to unsustainable energies fuelling climate change and will mainly benefit a mature sector that made an astronomic \$140 billion in profits last year – and thus does not need subsidies. Given limited resources, it would be at the expense of supporting truly local and sustainable solutions of energy efficiency and renewable energies that have a much higher job creation potential than fossil fuels for the same amount invested. Fossil fuels should not be subsidized by the Cohesion Policy.
- A few MEPs tabled amendments to propose that Cohesion Fund's investments in low carbon sectors should be counted for the ERDF climate thematic concentration. That would jeopardise the approach of climate thematic concentration in ERDF. Cohesion Fund's investments should not be counted in ERDF and should be additional.

Article 5 – paragraph 1 – point 4

- **Raise the climate thematic concentration to 30% / 20%**

In the Commission's proposal, the initial focus of the climate thematic concentration was on energy efficiency and renewable energies – to ensure a stronger Cohesion Policy contribution to the EU energy saving and renewable energy targets by 2020. If the scope of the climate thematic concentration is broadened, then accordingly the percentages should be raised – to make sure that energy savings and renewable energies will still benefit from enhanced financial efforts. Indeed, energy efficiency in buildings is one of the investments providing the biggest results, with up to 80% energy savings achieved through deep renovation. If other sectors are included in the scope (especially sustainable urban transport which is a huge expenditure), then the percentage should be raised to at least 30% in developed and transition regions and 20% in less developed regions.

3. Support measures for environmental protection and resource efficiency

Ecosystems and biodiversity are key assets of many European regions: their natural capital. It should be better integrated in the ERDF regulation.

- **Add environment in the scope of the thematic concentration**

In developed and transition regions, the percentage proposed by the Commission should be maintained (80%) but more flexibility should be given to the regions by adding the thematic objectives 6 (environment and resource efficiency). In less developed regions, the same should happen with a slight increase of the percentage (60% instead of 50%). This thematic objective is required to achieve the key challenges identified in the Europe 2020 Strategy and its targets (including the Flagship Initiative on resource efficiency and the EU 2020 biodiversity target).

- **Ensure biodiversity and ecosystems are the basis for climate change adaptation measures**

In the thematic objective 5 (risk prevention and climate adaptation), it is crucial to ensure ecosystems' protection and avoid counter-productive projects that would

exacerbate the problems. Eco-system based solutions are usually the most cost effective ones (for example floodplain restoration is much less costly and has better results against floods than dyke building based on grey infrastructures only).

- **Include relevant innovative technologies delivering environmental benefits**
It is appropriate to include in the scope of the thematic objective 6 (environment and resource efficiency) innovative technologies that improve environmental protection and resource efficiency in the waste sector, water sector, soil pollution and ecosystems' management. Technologies promoting the maintenance of fossil fuels, such as Carbon Capture and Storage, or the exploitation of shale gas should not receive support.

4. Focus on sustainable transport

- **Support sustainable transport solutions**
Low carbon, low noise, renewable-energy based transport systems should be supported, as well as the focus on improving and rehabilitating existing transport infrastructures before building new ones: this is a more cost effective approach and much less damaging for the environment. Additionally, solutions to optimise transport like ERTMS (European Rail Traffic Management System) deserve support.
- **Only support SUSTAINABLE waterborne transport**
Waterborne transport is a sustainable transport solution only if negative environmental impacts are mitigated. Notably, inland waterways must carefully assess and mitigate the adverse impacts of the freshwater ecosystem, otherwise the overall impact can be negative.

Cohesion Fund: Key areas to support

There are three key areas to support in the Cohesion Fund's regulation:

1. Include the refurbishment of the housing sector in the scope of the Cohesion Fund;
2. Ensure an adequate support for distribution networks of cogeneration and district heating systems;
3. Support measures for environmental protection and resource efficiency.

1. Include the refurbishment of the housing sector in the scope of the Cohesion Fund

The Commission proposal explicitly excludes the crucial housing sector. However, the refurbishment of the housing sector provides a win-win approach by creating local jobs, contributing to EU 2020 energy and climate targets and improving well-being of citizens. It will also ensure better synergies with the ERDF. The Cohesion Fund should therefore be open to the housing sector, notably in ambitious large scale refurbishment programmes grouping an important number of buildings – that are more cost-effective than isolated actions.

- Include the renovation of the housing in the scope of the Cohesion Fund
- Support energy savings and renewable energy use in the housing sector

2. Ensure an adequate support for distribution networks of cogeneration and district heating systems

- **Distribution networks of high efficiency cogeneration and district heating and cooling**

District heating and cooling could be included in the scope of the Cohesion Fund only if they focus on high efficiency distribution networks. Such a focus on very efficient systems will deliver the biggest value for money, and it should NOT include the power production itself that would broaden the scope too much and distort the carbon market from the ETS directive.

3. Support measures for environmental protection and resource efficiency

Ecosystems and biodiversity should be mentioned as a fundamental basis of our livelihoods and economy. Under business as usual, it is estimated that the loss of biodiversity and ecosystems' services will cost 7% of our GDP by 2050. The EU adopted the target of halting biodiversity loss by 2020 and a Flagship Initiative on resource efficiency under the Europe 2020 Strategy, that should be better reflected in Cohesion Policy.

- **Make biodiversity and ecosystems explicit in the scope of Cohesion Policy**
Biodiversity, ecosystems and natural landscapes should be mentioned as a fundamental basis of our livelihoods and economy. It is an asset for many European regions that deserve to be mentioned.
- **Mention Natura 2000 in the scope of the environmental investment priority**
As THE cornerstone of EU biodiversity policy, Natura 2000 is the priority entry point to protect and restore biodiversity as stated in the investment priority. There is a great potential of large scale restoration programmes of Natura 2000 sites with Cohesion Fund's support, therefore Natura 2000 should be mentioned.