

RE: Response to the Working Document on the Common provisions regulation

Cc: Lambert van Nistelrooij

Brussels, February 2012

Dear Ms Krehl MEP,

Considering the Working Document that you have drafted and your response to our questions via e-mail, we are pleased to provide you with some discussion points which we think are crucial in the ongoing debate in the European Parliament.

Our general view is that the future Cohesion Policy (CP) for 2014-2020 will be a decisive tool in shaping Europe's future resource efficient low-carbon economy, shifting Europe's regions on a sustainable path. Therefore, the current negotiations on CP represent a huge opportunity for Europe to move to an economy in a social and ecological balance, strengthening local economies, creating new jobs, supporting innovative approaches in all regions across Europe and maximizing the "win-win" opportunities for both the environment, the economy and the society.

It is now the role of the European Parliament to ensure that this shift occurs. Key safeguard elements have to be reinforced within the Commission's proposal as a means of increasing coherence between the sustainable development goals of the Cohesion Policy and the achievement of the European 2020 targets. With regards to this, targeting spending for low-carbon investments will be a crucial tool, as well as other mechanisms such as ex-ante conditionalities and result-oriented indicators.

1. Coherence, synergies and effective incentive to achieve 20% energy efficiency and renewable energy targets by 2020

A significant amount of funding through ambitious spending targets especially on climate action is needed for the Cohesion Policy to steer Europe's regions towards a low-carbon and resource efficient economy. According to the Commission's Roadmap to a Low Carbon Economy over the next 10 years, €200 billion is needed for the refurbishment of existing building stock¹. The Commission also calls for a doubling of annual capital investments in renewable energies to €70 billion per year (from €35 billion per year today) to reach the binding 2020 renewable energy target², while current CP only invests €0,7 billion a year in this field (EC data).

However, under current projections the EU will only meet its energy efficiency targets half way by 2020 – illustrating that the current approach is not sufficient and will result in a loss of opportunities in job creation and strengthening the European economy. The current CP, without any fundamental prioritization devotes only a meagre 2.6% for both renewable energies and energy savings. The Commission modestly propose to target 5.1% of the future Cohesion Policy (20% ERDF in developed and transition regions and 6% in less developed regions = €17 billion out of €336 billion). This is still insufficient to encourage and financially support the regions to follow a low carbon path. Therefore, environmental NGOs ask for 25% targeting in developed and transition regions and 15% in less developed regions (a total of 9,1% of future CP).

The European Parliament has been a constant supporter in increasing the energy efficiency of the EU. Climate targeting is consistent with what the European Parliament

¹ European Commission (2011), Roadmap to a Low carbon economy by 2050

² European Commission, Renewable energy : Progressing towards the 2020 target, COM(2011)31 final

asked in its Resolution on energy efficiency, calling “to allocate more funds for energy efficiency programmes and to promote the possibility to use up to 15% of the ERDF for energy efficiency”³. This ambitious amount corresponds to the climate targeting that we propose – and that justifies a concentration of higher shares of ERDF to the low-carbon objective.

- There are massive local economic and job opportunities in virtually every region from investments in energy savings and renewable energies. According to the Danish Climate Ministry reaching the 20% energy saving target by 2020 will create 2 million local jobs that cannot be outsourced. The 20% renewable energy target can create up to 600,000 additional jobs⁴. These jobs won't be created without a much stronger funding approach.
- Investments in renewable energies include several different sectors (solar photovoltaic, wind, solar thermal, small scale hydropower, geothermal, biogas and biomass from wood, waste, agricultural residues, etc.); the scope proposed for energy savings includes all kinds of public infrastructures and the entire housing sector – obviously a huge area of work with around 200 million dwellings to refurbish in EU27. **The proposed low carbon thematic concentration in Cohesion Policy is broad enough to ensures flexibility based on regional needs and characteristics, allowing for a substantially investment in a wide range of sectors.**
- We agree with your statement that CP should contribute to implement “flagship initiatives”. With regards to this, a clearer link should be established between the Resource Efficient Europe Flagship initiative and the CP contribution – notably by making adequate references when defining thematic concentration as your Working Document proposes.

2. Implementation and monitoring of a Cohesion Policy consistent with EU environmental legislation

Ensuring that projects funded by the CP comply with EU law and policy is crucial. Environmental safeguards and steering mechanisms (for example the Strategic Environmental Assessment) are vital to this aim and its proper appliance has to become a pre-condition for EU funding. This answers well the European Parliament's demand for “well placed incentives such as conditionality (...) in order to achieve the Europe 2020 targets in this field”.

- The Commission's proposals only ensuring compliance with EU acquis. Respecting EU laws is a must to ensure the effectiveness, credibility and legitimacy of CP. **The Court of Auditors has been very critical of CP.** Funded projects that violate EU laws are examples of badly spent investments from the CP.
- We share your views that clear criteria for fulfilment of conditionalities are crucial and we also strongly support simplification of administrative and financial red tape. However, this must not be done at the expense of effective compliance with environmental legislation. Many examples have demonstrated that the benefits from intact ecosystems outweigh the costs to restore them. It is far cheaper to ensure from the start proper planning, designing and decision making for the projects, including ex-ante evaluations and conditionalities, than depolluting or restoring damaged ecosystems at a later stage. Implementing the sustainable development principle with measures like ex-ante conditionalities or SEA is not red tape but a requirement to increase the quality, the efficiency and the delivery of CP.

³ European Parliament, Resolution of 15 December 2010 on Revision of the Energy Efficiency Action plan (2010/20107(INI)), article 82

⁴ European Commission, Staff working document of Regional Policy contributing to sustainable growth in Europe 2020, COM(2011)17

- The Parliament also asked that “climate impact assessments should be conducted for new projects”⁵. A climate assessment should be required in the proposal and appraisal process for programmes and projects. An evaluation of the greenhouse gas impacts must be included with an incentive provided by access to higher co-financing rates for the projects which make a higher contribution to GHG reduction. The Commission should be mandated to provide a methodology for climate assessment, in particular with regard to carbon intensive sectors (transport, energy and infrastructures), and guidelines for member states.

3. Qualitative result oriented indicators

Supporting the Commission’s proposal for qualitative result oriented indicators and proposing additional indicators to implement the sustainable development principle and to assess the results and efficiency of the programmes would have a decisive impact.

- Indicators are an essential tool for Member States to make the CP deliver on its goals and to achieve the targets set by related EU policies, such as the Europe 2020 Strategy. Indicators must be designed to measure results and impacts, not only outputs.
- The system of indicators needs to be embedded into the policy cycle of the CP. The comprehensive set of objectives supporting sustainable development for the CP needs to be accompanied with specific targets and corresponding indicators. Setting out indicators early in the programming process is an important pre-condition for quality monitoring and reporting to take place during the implementation and evaluation stages of the policy cycle.

4. A European Code of Conduct to involve partners

- It is crucial that the European Parliament supports the Commission’s proposal for a mandatory European Code of Conduct laying down objectives and criteria for the implementation of the “Partnership Principle” and facilitating information and good practices’ sharing among Member States and regions. This is the biggest opportunity to implement the Parliament’s demand of a “partnership principle to be further strengthened by introducing detailed binding provisions”, as your Working Document states.
- We also share your opinion that there is a need for clarification about how partners are involved, the link between Partnership Contracts (PC) and Operational Programmes, and the link between PC and National Reform Programmes.

Environmental NGOs have put together concrete recommendations on the Common Regulation and would be very grateful to have the opportunity to exchange views with you on the occasion of a personal meeting.

Yours sincerely,

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