

## BRIEFING FOR S&D MEPs on the Future Cohesion Policy (ERDF dialogue)

### Finding a good compromise on thematic concentration

January 2013

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#### BACKGROUND: THE THEMATIC CONCENTRATION IN ERDF

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In its Cohesion Policy legislative package of October 2011, the European Commission has proposed the so-called “thematic concentration” to ensure that a critical mass of investments in certain areas will be reached in European regions, in order to deliver on EU agreed targets by 2020, especially the Europe 2020 Strategy targets. 80% of the ERDF for developed and transition regions and 50% for less developed regions are set as minimum thresholds to be allocated to the 3 thematic objective of:

- Strengthening research, technological development and innovation (objective 1);
- Enhancing the competitiveness of SMEs (objective 3);
- Supporting the shift to a low-carbon economy in all sectors (objective 4).

Our environmental NGOs strongly support the principle of thematic concentration and the levels of ambition proposed for the different categories of regions.

Both European Parliament and Council have proposed to add a 4<sup>th</sup> thematic objective to the thematic concentration, in order to bring more flexibility and help regions to reach the thresholds. But with the same argument they have proposed two different solutions:

- The Council has proposed to add ICT (objective 2);
- The Parliament has proposed to add a 4<sup>th</sup> objective to be chosen by Member States.

The Parliament’s mandate is the result of a compromise amendment, after several different amendments have been tabled by REGI MEPs on the issue of thematic concentration. It was driven notably by the S&D amendments 251 and 282 (Kerstin Westphal, Constanze Angela Krehl, Georgios Stavrakakis, Patrice Tirolien) proposing to add a 4<sup>th</sup> objective to be chosen by Member States. Other MEPs had tabled amendments to add ICT: the rapporteur Jan Olbrycht (amendments 16 and 17) and the MEPs Alain Cadec, Brice Hortefeux, Marie-Thérèse Sanchez-Schmid, Maurice Ponga (amendments 253 and 283).

The ERDF dialogue will soon discuss and have to agree on a final solution.

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## CONCERNS WITH THE SOLUTION PROPOSED BY THE PARLIAMENT

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**Our environmental NGOs fully understand the need of more flexibility for regions. But we have high concerns with the solution proposed by the Parliament: in this time of crisis, we note with concern that many Member States and regions stick to business as usual approaches to re-boost growth urgently – because it is considered to be faster and easier than more innovative, complex and forward looking solutions.**

There is therefore a high likeliness than many regions will include in their thematic concentration the thematic objective 7 on transport infrastructures and removing bottlenecks – which means in practice massive investments in road infrastructures. Our national colleagues confirm this concern. We see five major shortcomings in such an approach:

- **Transport already gets the biggest share of Cohesion Policy funding so doesn't need concentration**  
The transport sector receives the biggest share of the current Cohesion Policy (2007-2013): 81,7 billion € or 23,7% - **almost one fourth of the entire Cohesion Policy. It therefore doesn't need to be part of the thematic concentration**, as money is already massively flowing to this area. The thematic concentration was designed to ensure a critical mass will be reached in certain strategic areas – but in transport the critical mass is obviously already reached. It also means that even if transport stays outside the thematic concentration, it will still get large funding for necessary investments.
- **Investments in transport largely mean investments in roads**  
**55% of transport investments in the current Cohesion Policy benefit high carbon transport – road or aviation.** It is impossible to ensure that Cohesion Policy investments in transport will only benefit sustainable decarbonized transport such as rail or public transport, or intelligent transport systems.
- **Road infrastructures are high carbon infrastructures conflicting EU climate targets**  
Road investments will lock regions in high carbon transport infrastructures for decades. The 2050 Climate Roadmap <sup>1</sup> commits to decarbonise the transport sector by 60% by 2050 in order to reach the EU target of a 80-95% greenhouse gas reduction by 2050. Transport infrastructures have a very long life span: roads built in 2014-2020 will still be in use in 2050 and at some point road investments risk to make long term climate targets impossible or at least extremely costly to reach. Road infrastructures have also a negative impact on biodiversity and ecosystem fragmentation, potentially conflicting the EU Biodiversity Strategy targets for 2020.
- **Road investments are largely business as usual investments, not very innovative**  
It seems more relevant that the scarce Cohesion Policy funding targets more innovative sectors that have difficulties to access financing. The challenging headline target of 3% R&D investments in the EU's GDP by 2020 will likely not benefit from massive subsidies focused on road transport instead of other more promising sectors.
- **There is no Europe 2020 Strategy headline target on transport, not any flagship initiative**

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<sup>1</sup> European Commission (2011), A Roadmap for moving to a competitive low carbon economy in 2050, COM(2011) 112 final

EU institutions agreed that the future Cohesion Policy should better contribute to achieving EU priority objectives by 2020. But it is doubtful how massive investments in road transport will make a useful contribution to the Europe 2020 Strategy targets and flagship initiatives. On the opposite, investments in several other sectors will bring a much clearer and significant contribution.

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## **A BETTER COMPROMISE: ADDING ICT TO THE THEMATIC CONCENTRATION**

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Our environmental NGOs have analysed the interest of adding ICT in the thematic concentration. In comparison with an option for regions to choose a fourth thematic objective - where transport will likely be preferred - , we see three advantages to opt for ICT instead:

- **The ICT sector is more innovative and will strongly contribute to the R&D target of the Europe 2020 Strategy and the flagship initiative 'A digital agenda for Europe'**

On top on the R&D headline target, there is a specific flagship initiative devoted to the ICT sector, underlining its strategic importance for the European economy. The flagship initiative underlines the need for a specific support for this sector, thus including it in the Cohesion Policy thematic concentration makes sense.

- **The ICT sector has a very high job potential**

ICT is one of the 3 biggest sectors identified by the Commission in term of job potential with green and health sectors<sup>2</sup>. European jobs in the ICT sector rose from 2,7 million in 2000 to 4,1 million in 2010 (with another 1.1 million in closely related occupations), and the demand for ICT professionals continues to grow by around 3% a year, with labour demand outstripping the supply<sup>3</sup>. According to a recent estimate<sup>4</sup>, there will be up to 700 000 unfilled ICT practitioners' vacancies in the EU by the year 2015, with the financial crisis barely affecting ICT practitioners. It has also been shown that ICT facilitates business creation. It seems relevant that such a potential deserves to

- **The ICT sector is not conflicting EU climate targets and might contribute to achieving them**

The ICT sector is not a carbon intensive sector as the road transport is. It might even have a positive impact on greenhouse gas emissions, by the provision of services avoiding transport (working from home, teleconference solutions instead of business travel, etc) – although a more careful analysis would be needed to identify the new climate opportunities and risks of this burgeoning sector.

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