



**Friends of
the Earth
Europe**



WWF

DELIVERING SUSTAINABLE DEVELOPMENT

**Environmental NGOs' common position
on European Regional Policy after 2006**



May 2004

Executive Summary

This paper has been prepared by a coalition of environmental NGOs – BirdLife International, CEE Bankwatch Network, CEEWEB, Friends of the Earth Europe, Milieukontakt Oost-Europa and WWF. It presents environmental NGOs' position that sustainable development should be central to EU regional policy. The paper is targeted at the drafting of the new regulations, for the Structural Funds and the Cohesion Fund, for the next programming period 2007-2013. It makes practical recommendations to ensure that the Funds help to achieve the objectives of the EU Sustainable Development Strategy (SDS)¹.

These recommendations apply to the preparation and negotiation of Structural Fund programmes:

1. The headline objectives of the Sustainable Development Strategy must shape and inform the reform of the Structural Fund and the Cohesion Fund regulations.
2. The European Commission should issue guidance on the Strategic Environmental Assessment (SEA) of Structural Fund plans and programmes.
3. The Structural Funds and the Cohesion Fund must be legally required to protect and enhance the environment.
4. The Commission and Member States must ensure that the environmental and social objectives that are a part of sustainable development receive a sufficient share of the Funds.

And to the mechanisms for implementation:

5. The management and monitoring of the Funds must be transparent and accountable.
6. Environmental NGOs must be given equal representation alongside economic and social partners.
7. Equal importance must be given to economic, environmental and social targets, and indicators.
8. The Commission must adopt a precautionary approach and withhold Structural and Cohesion Funds where there is a strong indication that a project will prove damaging to the environment.

¹ A sustainable Europe for a better world: a European strategy for sustainable development, COM(2001) 264 Final

I. Introduction

1. The coalition of environmental NGOs – BirdLife International, CEE Bankwatch Network, CEEWEB, Friends of the Earth Europe, Milieukontakt Oost-Europa and WWF – representing their partners in the EU25 have many years experience of campaigning, consulting, monitoring and running projects from the Structural Funds, the Cohesion Fund and the pre-accession instruments.

2. Our purpose is to place the objectives of the Sustainable Development Strategy at the heart of the reform of EU regional policy for the period 2007-2013, and beyond. To do this we:

- set out **our vision** of sustainable development for European regions
- consider **existing frameworks** for sustainable regional policy, and
- propose **four steps towards the delivery of sustainable development**.

3. These four steps consist of **integrating** environment and sustainability into all areas of EU regional policy; **adding value** to natural resources management, promoting **partnership** with Civil Society and **evaluating** progress towards the achievement of sustainable development objectives.

II. An NGO vision of sustainable development for European regions

4. Our society's patterns of production and consumption are currently not sustainable. The evidence for this is all around us, as we are confronted with the effects of, for example, climate change, the decline in biodiversity, increasing global migration pressure towards the richest countries, as well as a widening gap in wealth and social well-being between and within European Member States.

5. Regional policies have not adapted to the need for change. The complexity, spatial distribution and timescale of the issues require a fundamental shift in our understanding of 'development'. Environmental NGOs believe that the aim of development is to achieve qualitative improvements in people's lives, with economic, social and environmental progress taking place within the Earth's ecological limits. From our perspective, **the headline objectives of the EU Sustainable Development Strategy must shape and inform the objectives of EU Regional Policy.**

6. The purpose of development cannot be economic growth per se. If Europe's consumption of resources continues to grow without restraint, we will abuse our natural resources and compromise the ability of future generations to meet their needs. **This means that sustainable resource use – the limits of which are defined at any time by the ecological carrying capacity of a particular resource – is a pre-requisite to any long-term development.**

7. People's needs include: employment, education and training, health, access to a healthy natural environment, a positive regional identity, and accountable and participatory governance – and more besides. EU regional policy and its instruments, the Structural Funds and the Cohesion Fund, should help regions to achieve their fair share of opportunities to fulfil needs, whilst reducing and eliminating unsustainable production and consumption patterns and using a precautionary approach to protect the environment. Environmental NGOs do not accept GDP as the only indicator of the degree of EU social and economic cohesion.

8. The new regulations governing the Structural Funds and the Cohesion Fund must ensure that future projects help to achieve the objectives of the SDS. We call on the Commission to elaborate and give priority to areas already sketched in its Third Report on Economic and Social Cohesion² (the Cohesion Report) that:

- support the implementation of EU environmental legislation
- support the achievement of the Kyoto climate change targets (via energy efficiency and renewable energy)
- support the development of models to achieve the decoupling of economic growth from environmental trade-offs
- support environmentally sustainable transport modes
- support the implementation of the Water Framework Directive
- support the management of the Natura 2000 network³

9. We, the undersigned environmental NGOs, consider that the European Commission must play a major role in the negotiation of the 2007-2013 Structural and Cohesion Fund regulations and guidelines, to ensure that regional needs are addressed from within this sustainable development framework and that EU environmental legislation is fully respected. Moreover, the Commission is in a position of responsibility to ensure that future programming is based on: integration (see paragraphs 15-17), adding value to sustainable development (see paragraphs 18-22), partnership (see paragraphs 23-25) and evaluation (see paragraphs 26-31).

III. EU frameworks for sustainable regional policy

10. Sustainable development is something we all agree is important. In fact, it is an urgent necessity, requiring institutional, and financial commitment. We must all act and spend according to sustainable development principles. This was recognised and stressed in **Article 2 of the European Treaty**, at the **Gothenburg Council of Ministers 2001** and in the subsequent **European Sustainable Development Strategy**.

11. The **Financial Perspective for 2007-2013**⁴ and the **Third Progress Report on Economic and Social Cohesion** describe the possible future of EU regional policy. This future is flawed because it is trying to follow two competing and often contradictory strategies: on the one hand, the drive for growth adopted by the Lisbon Council in 2000⁵, and on the other, its environmental dimension the Sustainable Development Strategy. Although the Cohesion Report does introduce ideas for adding value to sustainable development, competitiveness and economic sustainability clearly dominate over environmental concerns.

12. The SDS was introduced to the Lisbon Strategy following the Gothenburg Council in 2001 and this environmental dimension is similarly added-on to the Commission's regional policy proposals. The SDS identifies strategic objectives necessary to decouple environmental degradation and resource use from economic and social

² A new partnership for cohesion convergence competition cooperation, COM(2004) 0107.

³ A network of protected sites for threatened habitats and species, which covers more than 15% of EU territory, established under the EU Birds and Habitats Directives.

⁴ Building our common future: policy challenges and budgetary means of the enlarged Union 2007-2013, COM(2004) 101 final.

⁵ The Lisbon Strategy for economic, social and environmental renewal, http://europa.eu.int/comm/lisbon_strategy/index_en.html

development. One such objective singled out by the Gothenburg Council is to 'protect and restore habitats and natural systems and halt the loss of biodiversity by 2010'⁶.

13. The key to sustainable development is integration. **Article 6** of the European Treaty, the **Cardiff Process** and the **Sixth Environmental Action Programme⁷ (6EAP)** stress the need to integrate environment into other policies. The 6EAP encourages the reform and gradual elimination of subsidies that have negative effects on the environment and are incompatible with sustainable development. **Therefore, the objectives of the EU Sustainable Development Strategy must be integral, not additional, to present and future EU regional policy.**

IV. Four steps towards the delivery of Sustainable Development

14. We believe that there are four essential steps for EU regional policy to lead the delivery of SDS objectives. The first two steps (integration and adding value to sustainable development) involve programmatic changes. The third and fourth step (partnership principle and evaluation) focus on mechanisms needed to implement the suggested changes to programming.

Step 1: Integration

15. **The Structural Funds and the Cohesion Fund must comply fully with EU environmental legislation and should fulfil the objectives of the SDS.** This is especially significant given the large scale and long-term effects of these EU funds. There should be scope for enforcement in the procedures guiding the planning, programming and monitoring of regional programmes⁸, and the implementation of Structural and Cohesion Fund projects. Nevertheless, environmental NGOs expect the European Commission to uphold the principles of sustainable development in the forthcoming negotiations with Member States and when projects come on-line in 2007-2013.

16. **The Commission should facilitate environmental integration by issuing guidance on the Strategic Environmental Assessment (SEA) of Structural Fund plans and programmes.** The SEA Directive 2001/42/EC is due to be implemented in Member States by 21 July 2004. The Directive applies to certain plans and programmes within Member States after 2006, including those co-financed by EU Structural Funds. If applied systematically and correctly, SEA is a powerful tool for minimising the risk of environmentally damaging projects. Technical assistance should also be made available from the current programming period to facilitate preparation and training for the SEA of the next round of plans and programmes for the public and private sectors.

17. **Implement the lessons learned from current Programmes and Community Initiatives.** Every seven years the reform of the Structural Fund regulation poses new challenges for decision-makers. In order to carry forward the lessons learned in this programming period, there must be a clear link between current Objectives, Community Initiatives and Innovative Actions, and the new regulations. For example, if Leader is to be mainstreamed, then its lessons should apply to the Structural and

⁶ Presidency conclusions, Gothenburg, 15 and 16 June 2001.

⁷ Environment 2010: our future our choice, 1600/2002/EC.

⁸ For Objective 1, Objective 2 and Objective 3.

Cohesion Funds as well as to future rural development measures. The design of future plans and programmes should reflect its essential qualities:

- bottom up,
- rooted in the local economy,
- multi-stakeholder,
- innovative projects,
- promoting sustainable development and
- availability of smaller grants easier to spend on beneficiaries

Step 2: Adding Value to Sustainable Development

18. Doing nothing is not an option. In the forthcoming Regional policy framework the Commission itself proposes to have much less direct involvement in the management of the Funds⁹. It will have less of a guidance and control function with the danger that Member States will regard the environment as an optional extra and not an obligation. However, the recent floods in France, Germany and Poland highlight the enormous costs of dropping the protection and management of natural resources from the regional policy agenda. Instead, these environmental and social objectives must receive a sufficient share of the Funds. The European Commission and Member States should consider the tremendous economic, social and environmental benefits of utilising the Structural and Cohesion Funds to implement agreed EU environmental protection measures, such as, the Water Framework Directive (WFD). The WFD is based on the concept of integrated riverbasin management; co-financing the actions necessary to implement the Directive (biological status analyses, assessments, management plans, staff needs etc) would help to reduce the risks of major floods in the future.

19. Protect and enhance natural resources. Structural and Cohesion Funds must help to conserve biodiversity, in keeping with the EU SDS target of halting biodiversity decline by 2010 and international commitments made at the Convention on Biological Diversity. Key to achieving this target is the co-financing of the Natura 2000 Network. In the new regulations the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund must be required to support the management of Natura 2000 (for implementation of management plans, training, education, land purchase and other essential investment activities). Member States must show how they intend to finance the network from appropriate sources, including the Structural and Cohesion Funds. The Commission must not approve of plans and programmes or release Funds before it is confident that adequate provision is in place.

20. Change people's lifestyles and ways of doing business. For example, current patterns of production and consumption rely heavily on unsustainable growth in road and air transport. So far, the transport section of the Cohesion Fund has been used exclusively to finance the expansion of the Trans-European Transport Networks (TEN-T), especially roads, leading to further loss of valuable habitats, and problems of air pollution, global warming etc. Environmental NGOs believe that the transport investment priorities of the Cohesion Fund must be radically changed, in accordance with the SDS. The new Cohesion Fund regulation must give priority to measures that promote environmentally sustainable transport use, within a demand-management framework. The starting point should be the needs and potential of the region itself, before inter-city links. Measures include repairing and upgrading existing infrastructure

⁹ Outside Objective 1 areas.

– urban public transport, rail, roads, sea – and the connections between the different transport modes.

21. Maximise new opportunities. For instance, the Kyoto target of reducing greenhouse gas emissions 8% below 1990 levels by 2012 opens new areas for technological innovation and job creation. The Structural and Cohesion Funds must be used to finance measures which make our activities more sustainable, such as, investing in renewable energy resources (bio-fuels, solar, wind) and energy efficiency. It is essential that managing authorities, with the support of the Commission and Member States, raise awareness of the economic opportunities rather than the obstacles provided by environmental protection and enhancement.

22. Shift towards more local delivery. Member States should mainstream small-scale long-term regeneration projects while moving away from capital intensive, end-of-pipe investments. To assist this process the 10 million euro threshold for Cohesion Fund projects should be reduced to enable smaller projects to get funding, for example investments in public transport or biodiversity conservation. The 5 million euro minimum level set by ISPA in the acceding countries, together with the problem of ‘absorption capacity’, has already proved an obstacle to more economically viable and environmentally sustainable projects. As stated earlier, there are lessons to be learned from current programmes and Community Initiatives.

Step 3: Partnership

23. Safeguards must be put in place to ensure the transparency and accountability of the decision-making process. Government ministries and agencies preparing Structural (and Cohesion) Fund plans and programmes are often also involved in their implementation. However, it is essential that officials from across government ministries, environmental authorities and, most importantly, the public, are involved in the programming and implementation process in order to avoid harm to the environment resulting from conflicts of interest. This approach also promotes the efficient use of the Funds and reduces the risk of misuse.

24. Environmental authorities must play a key role in making sure that Structural Fund programmes work with principles of sustainable development. The new regulations should clarify the authorities’ involvement in the preparation, negotiation and implementation of all Structural Fund programmes, in order to ensure a consistent high standard of environmental protection across different programmes and across all Member States. We also recommend that, for example:

- **A ‘Sustainable Development Manager’** is appointed to liaise with the managing authority and monitoring committee, and to oversee, the integration of environmental considerations in programme preparation and implementation.
- Managing authorities consist **of representatives from across Government departments and ministries**, in order to reflect their different sectoral interests and to facilitate communication between them.

25. Involve Civil Society. The European Union has to promote wide and effective partnerships in Structural Fund programming at national and regional levels, among economic, social and other relevant stakeholders. These include non-governmental, not-for profit organisations working to protect the environment. This is an important method of strengthening civil society in the new and existing Member States. Effective partnership means partners’ early involvement in the preparation of programmes, budgeting, management, monitoring and evaluation of Structural Funds assistance. Effective NGO participation requires the following principles to be implemented:

a. **Access to information.** Especially on planning and operational processes, their timescales and advance notification of meetings and consultation deadlines. All programming documents should be publicly available. Documents should be available at least one month before the consultation deadlines. Transparent, timely and accurate information must also be ensured for all partners on steering and monitoring committees.

b. **Feedback on consultation responses.** Clear explanations should be provided to those stakeholders whose comments have not been accepted, no more than three months after the consultation deadline. As for the comments accepted, explanation should be given regarding how they were incorporated into the relevant documents.

c. **Equal representation of environmental NGOs alongside economic and social partners** in the preparation or programmes, budgeting, management, monitoring and evaluation of Structural Funds assistance. At the moment the quality of NGO involvement varies greatly in the different Member States. The new Structural Fund and Cohesion Fund regulation must identify environmental partners among the appropriate bodies to form national, regional or local partnerships. Experience shows that investment in participation early in the programming cycle pays off in better acceptance and support from partners at a later stage. Environmental NGOs should nominate their representative in those committees and the representative should report back to all NGOs regularly.

d. **Building NGO capacity and covering direct costs.** Member States benefiting from the Funds must be required to provide technical assistance and/or domestic match-funding to support national and regional NGOs or NGO networks involved in Structural Fund partnerships. Activities include the preparation of programmes, financing, management, monitoring and evaluation of Structural Funds assistance, and dissemination of information to the wider public. All direct costs (ie travel, overnight stay) for the NGO representatives involved should be covered by the TA budget or by an additional budget line included in the programmes.

e. **NGO involvement in project implementation.** Managing authorities should encourage project partnerships to include an NGO partner whenever possible. Guidance should also be available on the project selection procedure for those interested in setting up their own partnerships.

Step 4: Evaluation

26. **The Commission should standardise indicators used to evaluate the contribution made by the Structural and Cohesion Funds to sustainable development.** Despite the 6EAP commitments, there is currently no standard tool for managing authorities to monitor how funds are used to promote sustainable development. As a matter of best practice, the Commission should review the **environmental and sustainable development indicators** employed by Member States as part of their ex-ante, mid-term and ex-post structural fund evaluations, and issue guidance on the most widely accepted and recognised indicators. Such indicators should assess programme outputs (the actual effect of projects on the environment) and procedures, for example, provision of information, awareness of public consultation, and the quality of partnership involvement. The Commission's review should be conducted through a consultative process taking into account the views of all the relevant stakeholders, including the expertise of environmental NGOs.

27. The Commission must ensure that equal importance is given to economic, environmental and social targets, and indicators. Structural and Cohesion Fund regulation should lead managing authorities to set environmental targets against realistic achievements at the level of programme priorities and project delivery. Targets and the choice of indicators must be closely monitored in the negotiations between the Commission and the Member States. The managing authority should report on its performance meeting these environmental targets, making a clear link to the indicators used.

28. Managing Authorities must evaluate project outcomes. Targets and indicators related to environment and sustainability are as important as financial targets and indicators. Auditors can be called in at any time to check on the financial management of a Structural Fund project, yet there is no apparent monitoring process to check whether a project is meeting its other targets (including environmental and sustainability targets). The evaluation of environment and sustainability targets (contributing to the achievement of SDS objectives) must be a requirement in the new programming period.

a. **There must be ongoing project monitoring for environmental and sustainability impacts** once a project reaches the execution phase, to check for unintended environmental and sustainability consequences. Mechanisms must be in place (eg working with responsible authorities) to ensure that any harmful activity is stopped and where possible the damage is rectified as soon as it is identified.

b. Post project monitoring should be seen as a positive tool that can help to identify beneficial environmental impacts and help the future selection of best projects for delivering sustainable development. Lessons learned should be fed back into the project selection process and into **a common EU project database**.

29. Reward good environmental performance. In future the Commission should ensure that the allocation of **Performance Reserve** (currently 4% of Member States' Structural Funds commitment) takes into account Member States' contribution to the objectives of the EU Sustainable Development Strategy.

30. The Commission must withhold Structural and Cohesion Funds where projects are likely to damage the environment. The new regulation must continue to respect existing environmental law (e.g. Birds and Habitats Directives, Water Framework Directive, SEA and EIA Directive, etc.) and avoid damage, destruction, deterioration or loss to environmental assets including biodiversity. This must include potential harm to endemic or globally threatened species and their habitats. Where strong doubts are raised about a project, the Commission has a responsibility to withhold funds until the case is fully and transparently resolved. The Funds must also be withheld where damage occurs. Projects should only be given the green light if it can be clearly shown that they do not undermine environmental legislation.

31. The Commission must respond quickly to environmental complaints. There are many instances where a Member State or its regional or local authorities is supporting a potentially damaging project. In such cases, the reality is that Environmental NGOs often have to take their complaints to European institutions, in particular to the Commission. However, DG Environment's capacity to deal with these complaints has not been adequate for a long time and has been reduced further following enlargement from the EU 15 to a EU25. The Commission must find a way to bridge this gap, to improve the environmental complaint mechanism in such a way that the environment is fully protected.

This statement has been prepared by: BirdLife International, CEE Bankwatch Network, CEEWEB, Friends of the Earth Europe, Milieukontakt Oost-Europa and WWF.

It has been widely circulated and thus far has been endorsed by:

European Environmental Bureau: *Federation of 140 environmental citizens' organizations*

WWF (World Wide Fund for Nature), *being active and present in many European countries including Spain, Italy, Greece, France, Belgium, the Netherlands, Sweden, Denmark, Norway, Finland, UK, Germany, Austria, Switzerland, Poland, Latvia, Hungary, the Danube/Carpathian Programme office and the European Policy Office in Brussels.*

Gesellschaft für Vogelkunde, BirdLife *Austria*

Natuurpunt, BirdLife *Belgium*

BIOSELENA, Foundation for Organic Agriculture, *Bulgaria*
Centre for Environmental Information and Education, *Bulgaria*
Environmental Association For Earth, *Bulgaria*

BirdLife *Cyprus*

Centre for Community Organising, *Czech Republic*
Czech Society for Ornithology
Green Circle, *Czech Republic*
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Estonian Fund for Nature, *Estonia*
Estonian Green Movement, *Estonia*
Estonian Seminatural Community Conservation Association, *Estonia*
Estonian Society for Nature Conservation, *Estonia*

Ligue pour la Protection des Oiseaux, BirdLife *France*

Hellenic Ornithological Society, *Greece*

Clean Air Action Group, *Hungary*
Csalan Association, *Hungary*
Hungarian Association of Environmental Educators, *Hungary*
National Society of Conservationists, *Hungary*
Nature Protection Association of Csongrad county, *Hungary*
Reflex Environmental Association, *Hungary*
Youth Nature Protectors of Hajduboszormeny, *Hungary*

LIPU, BirdLife *Italy*

Green Liberty, *Latvia*

Norges Naturvernforbund, *Norway*

European Center of Sustainable Development, *Poland*
Green Federation Gaja, *Poland*
Institute for Sustainable Development, *Poland*
Institute of Environmental Economics, *Poland*
Polish Green Network, *Poland*
Polish Greens, *Poland*

Eco Counselling Center Galati, *Romania*

Ecological Society from Maramures, *Romania*
Ecosens, *Romania*
Earthvoice *Romania*
EURO-CONSENS, *Romania*
Focus Eco Center, *Romania*
Mare Nostrum, *Romania*
Prietenii Pamantului, Earth Friends, *Romania*
TERRA Mileniul III, *Romania*
AQUATERRA, The Ecological Society for the Study and Conservation of the Wild Flora and Fauna, *Romania*
The Romanian Ornithological Society

Amber Trail Association, *Slovakia*
A-projekt, *Slovakia*
Architektura for Sustainable Development, *Slovakia*
Center for Environmental Public Advocacy, *Slovakia*
Center of Environmental Activities, *Slovakia*
Center of Environmental and Ethical Education ZIVICA, *Slovakia*
City Council of the Slovak Union of Nature and Landscape Conservationists, *Slovakia*
Civic Association Brectan, *Slovakia*
Civic Association For Worthy Radvan, *Slovakia*
Civic Association Elias, *Slovakia*
Civic Association Hornonitrie, *Slovakia*
Civic Association Hrochot, *Slovakia*
Civic Association KRTKo, *Slovakia*
Civic Association Living Planet, *Slovakia*
Civic association Save the Letanovce Mill, *Slovakia*
Civic Association SOSNA, *Slovakia*
Civic Association TATRY, *Slovakia*
Community Center, *Slovakia*
DAPHNE, Institute of Applied Ecology, *Slovakia*
Dubnica Environmental Group, *Slovakia*
Ekoagroforum Platform, *Slovakia*
Eko polis Foundation / EPC Slovakia
For Mother Earth, *Slovakia*
Friends of the Earth *Slovakia*
Gremium of the Third Sector, *Slovakia*
Ipoly Union, *Slovakia*
National Trust of Slovakia
People Against Racism, *Slovakia*
Regional Environmental Center Slovakia
Slatinka Association, *Slovakia*
Society for the Protection of Birds in Slovakia
Society of Friends of the Earth, *Slovakia*
Vydra, *Slovakia*

DOPPS BirdLife, *Slovenia*

The Spanish Ornithological Society, *Spain*

Groundwork UK, *United Kingdom*
The Royal Society for the Protection of Birds, *United Kingdom*

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