



Re: EU Council discussion of cohesion policy regulations for 2007-2013

The coalition of European environmental NGOs is writing to you, to urge the Council of Ministers to support the European Parliament's key recommendations on the regulatory proposals for cohesion policy from 2007 to 2013.

Cohesion policy supports economic development in the European Union and solidarity between its member states and regions. Crucially, this policy and the instruments which implement it – Structural Funds and the Cohesion Fund – also has the potential to promote environmentally sustainable patterns of development. However, the appropriate regulatory framework must be in place for this to happen.

If the EU is to meet the huge challenges of climate change, resource depletion, water management and halting biodiversity loss, then future cohesion programmes must strengthen potential synergies between the environment and the economy. We urge governments to build on the European Commission's draft regulations and incorporate the European Parliament's resolutions, adopted in July 2005, to strengthen the environmental dimension of the Funds.

Please instruct your representatives on the Council's Structural Actions Working Party to support the European Parliament's key recommendations

For the General Regulation:

- Maintain a strong partnership principle
- Introduce a stand-alone article on the protection and improvement of the environment
- Strengthen the link to the sustainable development strategy and ensure financing of urgent environmental needs (such as Natura 2000, Water Framework Directive and Kyoto goals)
- Prevent conflicts between infrastructure and environment (SEA and EIA) and suspend payments to projects in breach of EU environmental legislation
- Maintain the Community Performance Reserve to reward progress

For the implementing regulations, ERDF and Cohesion Fund:

- Strengthen the ERDF's contribution to the environment in particular Natura 2000, Water Framework Directive and Kyoto goals
- Enable investment in housing for energy efficiency
- Enable investment in regional transport infrastructure only from the first pillar of the Cohesion Fund
- Maintain the proposed third pillar of the Cohesion Fund for sustainable energy and transport

NGOs are concerned that the Council's current draft regulatory proposals are deficient on the above-mentioned points.

For further information please see the attached briefing or contact:

Rachel Lee or Victoria Phillips, BirdLife International, +44 1767 680551

Magda Stoczkiewicz and Martin Konecny, CEE Bankwatch / Friends of the Earth Europe, +32-2-5420185

Pieter de Pous, EEB, +32-2-2891306

Stefanie Lang, WWF EPO, +32-2-7400930

<http://www.coalition-on-eufunds.org/>

Environmental NGOs support the following key recommendations from the European Parliament on the EU cohesion policy regulations for 2007-2013

For the General Regulation:

1. Partnership

(Article 10 of the general regulation)

In point 12 of its resolution on the general regulation, the European Parliament:

“Rejects any weakening of the principle of partnership as envisaged in the original proposal, especially in terms of strategic planning and monitoring of the programmes; calls particularly for the maintenance of the list of appropriate bodies (Article 10(1)(c));”

However, the Council Presidency compromise seriously weakens the partnership principle in comparison to the Commission’s original proposal – and compared with the current general regulation 1260/1999/EC – by inserting words “where appropriate” and “such as” in § 1 and by removing the list of appropriate bodies from § 1c).

Good partnership between national, regional and local authorities and civil society has proved to be a key to success in the cohesion programmes. Partnership leads to better absorption of the funds and improved legitimacy, higher transparency, stronger coordination through better selection of projects and wider dissemination of information. At a time when legitimacy of EU policies and efficiency of its expenditure are questioned, partnership in cohesion policy needs to be strengthened, not weakened.

Please support the European Parliament’s resolution by:

- adopting the Commission’s original wording of the partnership article in § 1
- adding *environmental partners* alongside social and economic partners in § 1b)

The inclusion of environmental partners has already been proposed by at least 6 Member States (NL, AT, PL, FI, SE and UK) in the Structural Actions Working Party (SAWP). Environmental partners are essential to ensure that projects supported by the funds are environmentally sustainable.

2. New article on environment in the general regulation

In point 16 of its resolution on the general regulation, the European Parliament:

“Calls on Member States and the Commission to affirm that the protection and improvement of the environment will be promoted during the various stages of implementing the funds;”

General regulation 1260/1999/EC states explicitly that structural funds must protect and improve the environment (articles 1 and 12). However, the Commission’s proposal for the new regulation for 2007-2013 can be interpreted as a weaker commitment to the environment, where the funds are required to ‘strengthen protection and the quality of the environment’ (Article 3 (1)).

In contrast, the Commission has taken the step of proposing a new article on equality between men and women (Article 14). A similar standalone article should be added on the protection and improvement of the environment, in order to underline that this is an underlying requirement of cohesion policy.

Please support the European Parliament’s resolution by:

- introducing a new article on the protection and improvement of the environment, as already supported by at least 4 Member States in the SAWP.

3. Making links to the European sustainable development strategy, and financing urgent environmental needs

In point 24 of its resolution on the general regulation, the European Parliament:

“Calls for the proposal for a regulation to include a stronger link to the European sustainable development strategy (Article 23); calls, in this context, for Member States to demonstrate in the national strategic reference framework how they intend to finance the needs of the environment, in particular supporting the Natura 2000 network, implementing the Water Framework Directive and achieving Kyoto targets, from Community resources or from own resources (Article 25);”

Cohesion policy is supposed to promote the ‘harmonious, balanced and sustainable development’ of the Community. The general regulation should, therefore, make a clear link to Europe’s long term strategy for sustainable development. This is in line with the declaration by EU Heads of State in March 2005 that the Lisbon Strategy for growth and jobs must be seen within the context of sustainable development; a statement repeated in the Community Strategic Guidelines recently adopted by the Commission.

In addition to making the link with EU and national sustainable development strategies, national strategic reference frameworks for 2007-2013 should demonstrate how Member States intend finance the needs of the environment – in particular, Community priorities such as financing the Natura 2000 network, implementing the Water Framework Directive and achieving Kyoto targets. This could be from the structural funds and the cohesion fund or from own resources.

Please support the European Parliament’s resolution by:

- making the appropriate changes to articles 23 and 25.

4. Preventing conflicts between infrastructure and environment

In point 34 of its resolution on the general regulation, the European Parliament:

“Considers that Member States should specify the arrangements for the Strategic Environmental Assessment of national strategic reference frameworks and operational programmes, and ensure timely Environmental Impact Assessments of the major infrastructure projects; further calls on the Commission to ensure that major infrastructure projects do not conflict with the protection and improvement of the environment (Articles 38 to 40); calls for payments to projects undertaken in breach of EU environmental legislation to be suspended;”

Investment in infrastructure may be necessary for improving conditions for economic growth and employment, but this should not at the expense of the natural environment and the principle of environmental sustainability. Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA) have been adopted by the European Union as tools to help prevent and/or mitigate such conflicts of interest. The general regulation should, therefore, acknowledge the role of SEA and EIA in the preparation of structural fund plans and major projects.

Please support the European Parliament’s resolution by:

- making explicit reference to the Council Directives 97/11/EC and 85/337/EEC on Environmental Impact Assessment to the Article 39 (g) (supported by NL and AT in the SAWP), and to SEA Directive 2001/42/EC in Articles 45 and 46.
- introducing a clause to article 91.1 for the suspension of payments to projects where serious concern is raised that expenditure is linked to the damage, destruction, deterioration or loss to environmental assets.

5. Community performance reserve

In point 36 of its resolution on the general regulation, the European Parliament:

“Calls for the retention of the proposal for a Community reserve for quality and performance as a mechanism for rewarding progress including the Cohesion Fund; calls, however, for fair, objective, transparent and jointly adopted criteria to apply, so as to ensure that it genuinely achieves this purpose (Article 48);”

However, the Council Presidency compromise replaces the Community performance reserve with a national performance reserve. This undermines the basic purpose of the proposed instrument, which would be to establish and reward European – as opposed to national – best practice in the use of the funds. Best practice should take into consideration the best economic performance and environmental sustainability; this could be measured by a limited range of key EU priorities including the Kyoto goals. Given the decentralisation and simplification of the cohesion policy, a Community performance reserve would also provide a positive incentive for the proper use of EU funds.

Please support the European Parliament’s resolution by:

- retaining the Commission’s proposal on Article 48 and maintaining the Community performance reserve.

For the implementing regulations, ERDF and Cohesion Fund:

1. Strengthen the ERDF’s contribution to the environment in particular Natura 2000, Water Framework Directive and Kyoto goals

Please support the following amendments to Articles 5, 6, 8, 9 and 12 in the European Parliament’s report on the European Regional Development Fund (ERDF) regulation, which together substantially improve its contribution to the environment and sustainable development:

- 18 – puts the purpose of the fund into the context of the sustainable development strategy and links the achievement of environmental improvements to the implementation of Community environmental legislation.
- 117 – adds the Water Framework Directive and Natura 2000 under the “Convergence” objective.
- 60 – promotes environmentally friendly public transport under the “Regional competitiveness and employment” objective
- 65, 68, 74, 77 – support for cross-border environmental activities and sustainable development under the “European territorial cooperation” objective, and support for the preservation and development of natural assets
- 83 – supports sustainable urban development
- 85 and 113/rev – supports sustainable development and environmental investments in rural areas
- 91, 92, 93 – adds sustainable development objectives and environmental indicators and impact assessment to Operational Programmes

2. ERDF investment in housing for energy efficiency

In point 52 of its resolution on the general regulation, the European Parliament:

“Rejects any attempt to introduce expenses which do not relate to investment, such as housing costs, as eligible expenditure for the purposes of calculating Community co-financing; considers, however, that expenses which relate to renovation of social housing with a view to saving energy and protecting the environment should be included within eligible expenditure;”

Similar statements may be found in the Parliament's legislative resolutions on the ERDF regulation and the Cohesion Fund regulation. Investment in energy efficiency measures for social housing can generate enormous economic and environmental benefits in the new Member States. Such measures would also stimulate the market in eco-technologies contributing to wider Lisbon objectives.

Please support the European Parliament's resolution by:

- supporting the eligibility of investment in energy efficiency measures for social housing in Article 7 (d) of the ERDF regulation and Article 3 (4) of the Cohesion Fund regulation

3. Cohesion Fund: improving regional infrastructure

In point 1.xiv) of its resolution on the Cohesion Fund (CF) regulation, the European Parliament:

“maintains that, in addition to the trans-European transport networks, projects to improve regional networks and make them safe and operational should likewise be eligible under the Cohesion Fund;”

The Commission's proposal for the CF regulation states that only priority trans-European transport network (TEN-T) projects should be financed by the transport element of the fund. However, there should be more flexibility in this part of the CF, given the huge need to invest in the reconstruction, rehabilitation and maintenance of existing infrastructure – which serves national and regional needs – in the new Member States. Modernisation of existing infrastructure is often more urgent and more cost-effective than building of expensive new infrastructure. It should be remembered that TEN-Ts are also financed by dedicated Community TEN-T budget line.

Please support the European Parliament's resolution by:

- adjusting the Article 2(1) of the Cohesion Fund accordingly

4. Cohesion Fund: sustainable energy and transport

In point 1.xxi): of its resolution on the Cohesion Fund (CF) regulation, the European Parliament:

“welcomes the extension of the scope of assistance to energy efficiency and renewable energy, as their application potential is great in the countries involved and consequent benefits, including improved air quality, the creation of new jobs and enhanced social justice, are of common European interest;”

However, the Council Presidency compromise removes this third pillar from the CF – the three pillars proposed were transport, environment and sustainable development. Instead, the Council compromise integrates measures for energy efficiency, renewable energy and sustainable transport within the environment element of the fund. Nevertheless, support for energy efficiency, renewable energy and sustainable public transport is key for shifting the EU economy to a low-carbon, resource efficient development path – and should be maintained as a separate priority.

Please support the European Parliament's resolution by:

- reinstating to the Commission's proposal for the third pillar of the CF in Article 2(3) of the CF regulation
- oppose any attempts to include ports, airports, and road and aviation modes of transport under the category of 'sustainable transport', as the emphasis here must be on environmental sustainability and managing transport demand.

For more information please contact:

Rachel Lee and Victoria Phillips, BirdLife International, +44 1767 680551
Rachel.Lee@rspb.org.uk; Viktoria.Phillips@rspb.org.uk

Magda Stoczkiewicz and Martin Konecny,
CEE Bankwatch Network/Friends of the Earth Europe, +32-2-5420185
martin.konecny@foeeurope.org; magdas@foeeurope.org;

Pieter de Pous, EEB, +32-2-2891306
pieter.depous@eeb.org;

Stefanie Lang, WWF EPO, +32-2-7400930
Slang@wwfepo.org

<http://www.coalition-on-eufunds.org/>