

The European Network of Environmental Authorities for the Cohesion Policy (ENEA) was set up in 2004 in order to contribute to the integration of the environmental and sustainable development policies in the cohesion policy. In order to increase the effectiveness of the ENEA, its composition was extended to managing authorities in 2009. It led to the establishment of a joint network – the European Network of Environmental Authorities – Managing Authorities for the Cohesion Policy (ENEA-MA). The network is co-managed by the DG ENV and DG REGIO.

## **Consultation on the Conclusions of the Fifth Report on Economic and Social Cohesion**

### **1. How could the Europe 2020 Strategy and cohesion policy be brought closer together at EU, national and sub-national levels?**

- We need a Common Strategic Framework (CSF) which will facilitate the integration among EU, national and sub-national levels. In the CSF, the EU should establish Community wide thematic priorities, including environmental ones and set guidelines (part of the CSF or a separate document) for development and investment partnership contracts. This should also include guarantees for interconnectivity among sectors (horizontal) and multi-level governance (vertical: EU, national and sub-national /regional, urban and rural/ levels). The CSF should give guidelines for linking national policy targets with Cohesion Policy funding (e.g. CO<sub>2</sub> reduction targets, biodiversity targets, air quality targets, remediation of environmental burdens). It should also describe clearly financial instruments (e.g. ESF, ERDF, and the Rural Development Fund) available for all funds.
- The CSF should go beyond Europe 2020 Strategy and reflect on other EU policies, strategies and legislation, including environment and climate. In particular, we believe that it is necessary to achieve compliance with the environmental *acquis* by co-financing environmental infrastructure. If such infrastructure is insufficient or non-existing, it leads to additional costs for other sectors (e.g. health). Construction of infrastructure also drives economic development by attracting businesses and creating new jobs. The implementation of environmental *acquis* (environmental infrastructure development) also sets incentives for eco-innovation and strengthens competitiveness by reducing energy consumption and stimulating new products.
- Climate (curbing climate change and adapting to it), biodiversity (preventing the reduction in biodiversity) and resource efficiency could be considered as cross cutting priorities and should be accompanied by implementation guidelines. The CSF should also incorporate guidelines or tools on measuring performance targets (core indicators, monitoring, evaluation and reporting) reflecting the interconnectivity among sectors for achieving low carbon and resource efficient economy e.g. Net energy reduction targets (more justified since it is necessary to go beyond carbon neutrality).
- Resource efficiency should be a key priority. It should be clearly defined what it includes (e.g. water, air, soil, energy sources, ecosystems, biodiversity).
- The Commission (e.g. in Impact assessment for CSF if required) should examine, among others: mutually undermining EU subsidies/environmental harmful subsidies; cross-cutting priorities (resource efficiency, climate) and inter-linkages with non-Europe 2020 policies, strategies and legislation which are linked to the implementation of Europe 2020.
- Green public procurements should be supported as an important driver for public authorities to impact markets and the sustainable production aspect of the economy in general.
- Education, awareness and training of decision-makers, businesses and individuals, leading to changes in behaviour of producers and consumers should be supported.

**2. Should the scope of the development and investment partnership contract go beyond cohesion policy and, if so, what should it be? (2.1)**

- The contract should include all possible EU financing sources. The MS should make it clear which funds will be used to achieve agreed quantitative targets.
- The contract should specify a coordination mechanism in the MS among different EU funds (provided that contract covers all funds).
- National funding (large national subsidies) should be coordinated with the contract, in compliance with state aid policy/requirements.
- A mechanism for changing contract targets and introducing amendments should be included.
- The issue of eliminating environmental harmful subsidies should be addressed in the contract and examined in ex-ante/Strategic Environmental Assessment (SEA).
- National co-financing guarantees should be laid-down in contracts to avoid lack of co-financing for more innovative projects versus traditional ones which are earlier in the pipeline (the first ones in the pipeline usually 'eat up' co-financing).
- It is recommended that a MS demonstrates in the contract how targets, including environmental ones (deriving from EU and global targets), laid down in the contract, will be achieved.

**3. How could stronger thematic concentration on the Europe 2020 priorities be achieved? (2.2)**

- The future (proposed) cohesion policy seems to become a vehicle to implement the 2020 Strategy. It is rather a top-down approach.
- Regarding regulations on the cohesion policy, the proposal that a list of thematic priority areas is in conformity with the priorities of the Europe 2020 strategy, integrated guidelines and flagship initiatives, seems very strict as a steering method and may impose unnecessary restrictions. However, it would be an efficient way of enhancing compliance with the strategy. If such a thematic list is introduced, all priorities under the Europe 2020 strategy should be included and provide basis for some flexibility.
- Thematic concentration is required for the Community's and MSs' interest. It should be transferred to the cohesion policy but not to the extent that certain regions whose capabilities and background are more suited to the thematic priorities, benefit more than others.
- Strong thematic concentration generally requires greater effectiveness and efficiency. In order to achieve this, thematic priorities should have a strong link with EU targets in the area of environment and climate change.
- Issues such as resource and energy efficiency, environmental infrastructure, renewables and biodiversity could be possible obligatory priorities since the decarbonisation of economy is lagging behind (Sustainable development in the European Union, 2009 monitoring report, Eurostat, 2009<sup>1</sup>: "*Moderately unfavourable changes for both headline indicators of climate change and energy*").
- Thematic priorities should be complemented by horizontal priorities with clear reference to EU targets included in other EU policies.
- One element of prioritisation could be earmarking of funds which serve the achievement of priorities.
- Funding should be allocated not only to Europe 2020 priorities but also to different macro-regional strategies (defined by geographical characteristics) and their priorities (not necessary falling within Europe 2020 Strategy).
- As an efficient tool to support the implementation of the priorities, the importance of environmental awareness, education and training should be stressed.
- The environment sector is not sufficiently analyzed in the Fifth Report on Economic and Social Cohesion and therefore the environmental infrastructure needs, are not addressed as obligatory priority.

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<sup>1</sup> [http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-78-09-865/EN/KS-78-09-865-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-78-09-865/EN/KS-78-09-865-EN.PDF)

**4. How could conditionalities, incentives and results-based management make cohesion policy more effective? (2.3)**

- Compliance with EU *acquis* is a minimum conditionality for all projects.
- Conditionality should cover all projects across all sectors.
- Use the opportunities that are offered by the Strategic Environmental Assessment (SEA). In particular, compliance with the EU environmental legislation, as well as the next Environment Action Programme and its priorities should be addressed as a part of SEAs for operational programmes.
- Conditionalities could be translated as cross-cutting priorities (e.g. efficient energy and resource use) at programme and project level. The experience from the current programming period shows that the large majority of projects do not take into account such aspects. This could be an added value of the next programming period.
- A differentiated co-financing rate depending (among others) on a project's environmental performance (e. g. bonus for CO2 reduction) should be examined and proposed if justified (e.g. the French 'bonification' system).
- The performance reserve at national level could stimulate the competition between regions and the better performance of projects. The performance reserve could be also used to allocate funding to help in attaining EU targets in underperforming areas, e.g. wastewater, biodiversity.
- EU subsidies should not compensate national harmful subsidies (e.g. the cohesion policy financing sustainable transport when national funding is financing motorways).

**5. How could cohesion policy be made more results-oriented? Which priorities should be obligatory? (2.4)**

- Resource efficiency is a flagship initiative and one of the highest environmental priorities. It is an umbrella flagship initiative for many policies required to make the transition to a greener and more competitive economy. It includes, among others, energy, transport and climate initiatives. Therefore, it is an important environmental priority and it could become an obligatory thematic priority (both vertical and cross-cutting). It has an enormous economic potential in improving competitiveness (less dependence on raw materials, etc.), combating climate change, stimulating innovation (leadership in green technologies).
- For the achievement of satisfactory outcomes in implementing "sustainable" policies and strategies, relevant tools should be prepared including environment related indicators. A set of indicators should be developed, like core indicators of the current programming period, covering climate, energy efficiency, renewables, resource efficiency, biodiversity, air quality, environmental burdens indicators, etc. This would require a review of the current monitoring system, in particular a core set of indicators. Environmental (output or impact) indicators should be reflected in the financial monitoring system. Monitoring and indicators should be elaborated in time before programming with the help of practitioners from environmental and managing authorities.
- Indicators should ensure climate and biodiversity proofing of EU funds.

**6. How can cohesion policy take better account of the key role of urban areas and of territories with particular geographical features in development processes and of the emergence of macro-regional strategies? (3.1)**

- In order the cohesion policy to take better account of urban areas, the urban and the integrated urban development policies should be further elaborated within the framework of the new Regulations and guidelines.
- Set up governance tools involving all levels of government by focusing on specific priorities in order to achieve sustainable, smart and inclusive growth.

- Funding cities and regions should be done in a wise and targeted way within the framework of an integrated policy and this would contribute to overcoming the economic crisis.
- Stakeholders from urban and rural areas, urban-rural areas and territories with particular geographical features should be actively engaged in the development of programmes and projects co-financed by the cohesion policy. In addition, they should clearly be provided with sufficient resources.
- Use non-GDP criteria for the definition of these regions (eco-system services, CO<sub>2</sub> emissions, air pollution, vulnerability criteria, social indicators) and make them eligible for support with a set of corresponding eligibility criteria for such areas.
- Territorial initiatives (macro-regions, Interreg IVC) are laboratories for alliances with stakeholders for sustainable tailor-made projects (e.g. production and supply chain of energy generation, for joint actions to address cross-border problems). Use their valuable experience.
- Urban areas provide possibilities for supporting additional types of actions which are not covered by pre-defined thematic priorities as thermal insulation of buildings, sustainable transport, and replacement of household heating systems.
- The definition of focus areas and the preparation and implementation of programmes should reinforce a content-based, integrated development approach in the spirit of the Leipzig Charter and Toledo Declaration. It should also facilitate a focus on key development challenges characteristic of cities and urban regions.
- Integrated plans for sustainable urban development should be elaborated and funded by ESF.

**7. How can the partnership principle and involvement of local and regional stakeholders, social partners and civil society be improved? (3.2)**

- All stakeholders should be systematically involved in planning, implementation, monitoring and evaluation of national and sub-national programmes (e.g. through technical assistance measures, vocational training through ESF or better partnerships through stronger inclusion of civil society into Interreg projects).
- The early involvement of stakeholders should support better implementation of operational programmes and projects.
- New General Regulation should set minimum standards for partnership, including access to information; stronger definition of the roles of partners; procedures for reimbursements for involvement; etc. It should also support an 'upgraded' involvement of environmental stakeholders in monitoring committees. However, it should not limit partnership only to the participation in monitoring committees.
- In addition to current best practices, partnerships could be reinforced in three areas: 1. further enhancement of municipal democracy and participation therein, 2. enhancement of organisations' expertise and operational capacities to participate locally, regionally and Europe-wide; and 3. improvement of citizens' capacities to participate by means of environmental, entrepreneurial and multicultural education, among other means.

**8. How can the audit process be simplified and how can audits by Member States and the Commission be better integrated, whilst maintaining a high level of assurance on expenditure co-financed? (4.4)**

- Rules should be set and known in advance before the beginning of the programming period.
- Audit requirements and penalties should be adapted to the size of projects and be proportional to the level of non-compliance.
- Audits should be harmonised (across different funds, different MSs, different audit levels) and refer to each other to avoid repetitions. The use of the single audit principle should be continued and further promoted.
- The CSF should set up common administrative rules for the coordination of different funds.

- Provide joint capacity building with the participation of all stakeholders (auditors, beneficiaries, managing authorities, ...) together.
- 9. How could application of the proportionality principle alleviate the administrative burden in terms of management and control? Should there be specific simplification measures for territorial cooperation programmes? (4.2)**
- For cross-border, transnational and inter-regional programmes, there is a need for a separate regulation (administrative issues, eligibility criteria, auditing with one auditing authority to remove different national procedures, etc) or alternatively more detailed rules for these programmes in the cohesion policy regulations and the CSF.
- 10. How can the right balance be struck between common rules for all the Funds and acknowledgement of Funds' specificities when defining eligibility rules? (4.2)**
- All Funds regulations should be prepared at the same time and coordinated.
  - The eligibility rules should not differ between Funds more than it is absolutely necessary. This would also simplify the application procedure for beneficiaries when applying to different Funds. (e.g. when defining eligibility, begin with Fund-specific rules, then identify and agree which rules are common and should become general rules to be included in the General Regulation).
- 11. How can financial discipline be ensured, while providing enough flexibility to design and implement complex programmes and projects? (4.3)**
- Make sure that MSs commit to co-financing in contract.
  - Do not oblige MS to have same financial commitment each year (first years less money is usually spent).
  - Capacity building for beneficiaries and their contractors on financial management issues (TA).
  - We support N+3 rule.
- 12. How can it be ensured that the architecture of cohesion policy takes into account the specificity of each Fund and in particular the need to provide greater visibility and predictable funding volumes for the ESF and to focus it on securing the 2020 objectives? (5)**
- Visibility and predictability of the ESF should be enhanced by defining a minimal and adequate share of funding reflecting the necessary balance between investments in infrastructures and human capital.
  - The transition towards a more sustainable growth model requires specific investments in human capital to adapt the workforce to new processes and technologies. There is a need to identify such types of investments in human capital.
  - Important to highlight good practices for ESF linkages with other funding streams.
  - Do not separate ESF from the cohesion policy.
- 13. How could a new intermediate category of regions be designed to accompany regions which have not completed their process of catching up? (5)**
- The new category of regions could probably include Regions with geographic particularities (e.g. islands), as additional to the GDP criteria.

***Disclaimer***

*Please note that the views presented in this document are a compilation of the ENEA-MA members' inputs, and as such, they do not represent official MSs' positions, nor do they reflect a consensus position of the network.*

*Contact person:  
agata.payne@ec.europa.eu*