

Promoting sustainable development in Europe through regional funds

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The EU Cohesion Policy

With a total amount of 350 billion euros available for the period 2007-2013, the Regional Funds under the EU Cohesion Policy are the largest item of the EU budget (44% of the EU budget compared to 43% for agriculture and fisheries together). Their aim is to promote development as well as economic and social "cohesion" of European regions, so that all of them will achieve and benefit from the same level of welfare. Regional funds have three main spending priorities: convergence, competitiveness and cooperation. The convergence priority allows investments in infrastructures such as transport, energy and environment. The competitiveness priority targets investments in training schemes or job-creation programmes. The cooperation priority focuses on projects involving several regions from different EU countries.

For the current programming period, structural actions are strategically focused to fulfill the Lisbon and Göteborg objectives agreed in 1999 and 2001 respectively by EU member states. The so-called "Lisbon agenda" aims at making Europe the most competitive region in the world, while the Göteborg objectives aim at achieving the Lisbon goals within the framework of sustainable development.

All 27 countries are receiving some kind of EU regional funding, but the main share goes to the Eastern and Southern regions of Europe. In the 12 new EU members, this budgetary period represents the first experience of management of large amounts of EU regional funds. In Poland alone, regional funds are up to 65 billion euros, that is up to 4% of national GDP (Gross Domestic Product) of the Baltic States. It is clear that this money is critical in shaping institutions and policies, but also in setting a path towards sustainable development.

How Regional Funds are and can be spent

Regional funds, if properly directed and managed, represent the greatest potential for sustainable development in Europe. The regulation for the period 2007-2013 is clearly mentioning the possibility to use Regional Funds for environment and nature conservation as well as measures to reduce greenhouse gas emissions. It also states that "the objectives shall be pursued in the framework of sustainable development [...] and the promotion of protecting and improving the environment."

However, the types of investments regional funds are most often used for - big infrastructures - cause major threats to the natural environment. The most recent example is in Rospuda Valley, in Poland, with plans to use EU money to build a highway through a unique

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peat bog land, home to several large species such as elk, lynx and bear - an area highly in need for protection.

The incentive to invest in large, expensive - and usually unsustainable - infrastructural projects is often caused by the need to effectively absorb these funds.

But environmentally-friendly projects are possible. In past years, EU regional funds supported the development or upgrading of environmental water infrastructures, the reduction of wasted water, better quality for air and soil, and reduction of waste. This has led to a noticeable increase of environmental quality in European countries. EU regional funds also had positive impacts in the creation or improvement of public transport, including train connections. To a lesser extent, EU funds have supported nature conservation measures through nature information centres, breeding stations, re-habilitation processes and awareness-raising activities. It is estimated that until 2006 approximately 17% of EU regional funds have gone to projects to the benefit of the environment in Europe.

But what about the remaining part? Is the principle of sustainable development - enshrined in the EU Treaty - fully respected?

An analysis of the previous programming period for EU regional funds spending is available below (the same applies for regional and structural funds).

Figure 1. Planned expenditures from Structural Funds on environmental categories 2000-2006

Category	Million €	% of Structural Funds EU-25
Environmental infrastructures (A)	10.913,6	5,1%
Air	213,6	0,1%
Noise	46,2	0,0%
Waste	1.428,6	0,7%
Drinking water	2.978,5	1,4%
Water sewerage and purification	3.605,0	1,7%
Not distributed	2.642,0	1,2%
Other categories (B)	26.007,7	12,1%
Sustainable transport	12.369,3	5,8%
Forest and nature protection	4.760,8	2,2%
Reahbilitation industrial areas	2.249,3	1,0%
Rehabilitation of urban areas*	2.049,3	1,0%
Agricultural water management	2.012,0	0,9%
Environmental technology	1.243,0	0,6%
Sustainable energy	804,3	0,4%
Sustainable fisheries	519,6	0,2%
Total on Environmental Categories (A + B)	36.922,0	17,2%
TOTAL STRUCTURAL FUNDS	214.817,0	100,0%

* Estimated share for environment (45% of the category)

Source: Infoview / EC

While the European Commission recognizes the potential for the use of such funds in a sustainable and environmentally-friendly way, it is mostly up to EU countries to decide at national level how to use regional funds. This means that a much larger share of funds goes into projects that have detrimental effects on the environment. Large infrastructures are one of the key threats to nature and biodiversity in Europe.

The impact of EU regional funds at national and regional level has led to:

- Habitats fragmentation because of transport infrastructures crossing protected areas. A particularly bad example is the road built in Spain (Doñana) which contributes to killing the Iberian lynx, a species threatened of extinction and protected under the EU Habitats Directive.
- Change or destruction of river systems due to channeling or dredging, with increased flood risks downstream.
- Shift from rail to road, rather than the other way round - thus contributing to more CO2 emissions.
- Destruction of ecosystems and their services, for example natural flood-retention areas being destroyed by waterways transport or hydropower infrastructures.
- Loss of species due to habitats destruction.
- Overexploitation of natural resources.
- Wasteful consumption patterns.

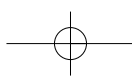
Unfortunately those developments are partly happening even without EU support, but the fact that EU money is exporting those trends to new member states, accelerating and re-enforcing such unsustainable development paths is not acceptable.

Need for different approaches

As one of the biggest budget lines of the European budget, regional funds should be seen and used as an instrument for sustainable development. Territorial and social cohesion can be achieved with investments in eco-technology, eco-innovation, green transport modes, renewable energies, energy efficiency, environmental infrastructures and nature conservation. The job creation potential of those investments has to be fully understood and exploited.

According to WWF, all investments supported by the EU should have a positive environmental impact and not breach the EU environmental legislation. No exceptions should be allowed any more. If EU countries want to continue on the old-fashioned path of development at the price of the environment, they should not be rewarded by European public money.

EU funds should be spent more strategically and be used as an instrument for change. Political commitments like the Kyoto Protocol, the EU targets for greenhouse gas emissions reduction, the goal to halt biodiversity loss, the objectives outlined in the sustainable development strategy and in all EU environmental regulations should receive a boost from the regional funds.



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In 2005 WWF published a guidebook for good projects funded through EU regional policy. The publication, *“EU Funding for Environment - A handbook for the 2007-2013 programming period”*, is available at <http://assets.panda.org/downloads/eufundingforenvironmentweb.pdf>.