Regional Policy and Sustainable Development

Briefing by WWF for Members of the European Parliament

The Issue

EU Regional Funds, if properly directed and managed, represent the highest potential for sustainable development in Europe, as they impact on various other policy areas such as nature protection, agriculture and climate change. Regional Funds use about one third of the total EU budget to achieve EU-wide cohesion through the reduction of differences in regional development. In 2004 the future of EU Regional Funding policy will be shaped through the drafting of the new regulations for the period 2007-2013.

The EU Heads of State agreed in 2001 that Regional policy should contribute to the EU Sustainable Development Strategy. This means Regional Funds should support actions which mutually strengthen the Community’s economic growth, social cohesion, AND environmental protection and improvement. The current Structural Funds Regulation reflects this by requiring the integration of environmental protection provisions in all aspects of the funded operations.

However, until now, Regional Funds have not been directly and compulsorily linked to supporting environmental goals. Funds continue to be used in practice in ways that undermine agreed environmental and nature conservation objectives. Current examples include: approval of funds for a new dam system in Spain, which threatens the near-extinct Iberian lynx; and the proposed artificial enlarging of 1000 km of the Danube river as part of the TEN-T waterway network, which will destroy natural wetlands and habitats.

The future of EU Regional Funding policy will be shaped through the new Regional Fund regulations (General Regulation, Regional Development Regulation, Social Fund Regulation and Cohesion Fund Regulation) for the period 2007-2013. These draft Regulations will be published by the Commission in July 2004.
Policy Targets for Regional Funds:

Four main steps could ensure a more sustainable EU Regional Policy from 2007:

1. Regional Funds should directly support the environmental goals of the EU Sustainable Development Strategy;

2. Regional Funds should have a legal obligation to finance:
   - the implementation of environmental and nature conservation legislation (Water Framework Directive, Natura 2000);
   - measures to achieve the Kyoto goals (through energy efficiency, renewable energy and sustainable transport modes);
   none of which currently have any dedicated financial instrument supporting them.

3. Regional Funds should be managed in a more transparent way with systematic partnerships between the public and environmental stakeholders in all Member States.

4. Environmental goals and indicators need to be included in the programming and evaluation processes alongside social and economic measures. A full evaluation of the Regional Funds’ contribution to employment and sustainable regions is needed.

What the European Parliament can do

The draft regulations on Regional Funding, to be published this summer, will be intensively debated by Parliament and Council over the coming months, in conjunction with the debate on the financial perspectives. Parliament will adopt recommendations for amendments to the draft Regulations during 2005 and final adoption, coming under different procedures depending on the regulation, is envisaged in late 2005/early 2006. Parliament will then be consulted on the vital strategic guidance documents, which complement and interpret the Regulations.

In its debate and vote on these Regulations, Parliament should strongly support the above policy targets and aim in particular to ensure:

- An obligation for Member States to use Regional Funds on environment and nature conservation.
- Systematic inclusion of environmental stakeholders and NGOs into all planning, implementation and evaluation processes.
- Development and definition of clear environmental indicators to measure the consequences of how Funds are used.

Proposed political initiative for the European Parliament:

Parliament could take a political initiative to examine the coherence of EU funding and investigate the current contradictions between the regional consequences of different funds, such as Structural Funds, CAP and environmental policies, such as Natura 2000 and the Kyoto protocol targets on the other side.

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