



**FROM ENVIRONMENTAL SUSTAINABILITY TO SUSTAINABLE
DEVELOPMENT? MAKING CONCEPTS TANGIBLE IN STRUCTURAL
FUNDS PROGRAMMES**

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PREFACE

The research for this paper was undertaken in preparation for the 24th IQ-Net meeting in Śląskie, Poland, on 28-30 May 2008. The paper was written by Martin Ferry, Carlos Mendez and John Bachtler.

This paper is the product of desk research and fieldwork visits during Spring 2008 to national and regional authorities in Member States (notably partners in the IQ-Net Consortium). The field research team comprised:

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Austria

- State Government of Niederösterreich, Economic and Tourism Department
- State Government of Steiermark, Economic Policy Department

Belgium

- Agency for the Economy of Vlaanderen, Europe Economy

Czech Republic

- Ministry for Regional Development

Denmark

- Danish Enterprise and Construction Authority

Finland

- Keski-Suomi Alliance
- Ministry of Employment and the Economy

France

- Délégation interministérielle à l'aménagement et à la compétitivité des territoires (DIACT)

Germany

- Nordrhein-Westfalen, Ministry of Economy, SMEs and Energy, EU Affairs Unit
- Sachsen-Anhalt, Ministry of Finance

Greece

- CSF Management Organisation Unit, Ministry of Economy and Finance

Italy

- Lombardia Region, Presidency, Central Directorate for Integrated Programming
- Ministry of Economic Development and Institute for Industrial Promotion (IPI)

Poland

- Śląskie Voivodeship (Marshal's Office)

Portugal

- Financial Institute for Regional Development (IFDR)

Spain

- País Vasco, Provincial Council of Bizkaia, Department of Economy and Finance

Slovenia

- Government Office for Local Self-Government and Regional Policy, EU Cohesion Policy Department

Sweden

- NUTEK, Swedish Agency for Economic and Regional Growth

United Kingdom

- Department of Communities and Local Government
- One North East
- Scottish Government
- Welsh European Funding Office

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It should be noted that the content and conclusions of this paper do not necessarily represent the views of individual members of the IQ-Net Consortium.

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EXECUTIVE SUMMARY

EVOLUTION OF SUSTAINABLE DEVELOPMENT IN EU COHESION POLICY

Sustainable Development (SD) is a prominent theme in EU and domestic policy discourses. There is increasing recognition that, for sustainable, long-term growth and prosperity, the ‘three pillars’ of social, economic and environmental policies must be integrated and mutually reinforcing. Structural Funds (SF) regulations acknowledge the importance of SD for economic and social cohesion. Commission regulations for the current programme period make it clear that the framework of SD is a binding principle for all funding objectives, confirming it as an integral theme for 2007-13 programmes.

Sustainable development needs to be seen ‘in the round’, as a combination of economic, social and environmental objectives throughout the phases of programme design and implementation. However, for several reasons, integrating SD into programmes is a challenging process: defining SD is not straightforward as there are a range of interpretations; integrating SD into strategic objectives and priorities may mean linking interventions across a wide variety of policy themes and project types; and, the progress and impact of SD-related interventions may be difficult to disaggregate and measure, or may be intangible at least during the lifetime of the programme.

The aim of this paper is to assess the response of programme managers to these challenges. It looks at: the integration of SD in the design of National Strategic Reference Frameworks (NSRFs) and Operational Programmes (OPs); approaches to the conceptualisation of SD in these documents; SD-related themes in specific NSRF and OP priorities and interventions; and, how SD considerations are reflected in OP implementation processes. The final section draws together the concluding points to emerge.

INTEGRATING SD IN THE DESIGN OF NSRFs AND OPS

In terms of design, NSRFs and OPs are gradually moving away from perceptions of SD as either an expensive addition to the main focus or outcome of programmes, or as a series of individual projects or initiatives. In particular, there is evidence of SD experts or organisations being involved in the design of several NSRFs and OPs in a more integrated and iterative way. This reflects the aim of (some) programme managers to develop a clearer understanding of the SD agenda from the start of the programming process. However, it should be noted that this was not universal: in many programmes, SD continues to be interpreted through the (narrower) lens of environmental sustainability, which is

reflected in 'SD inputs' to the NSRFs and OPs being allocated to environmental ministries and agencies, NGOs and experts

SD-RELATED OBJECTIVES IN THE NSRFs/OPS

Turning to the strategic objectives of NSRFs and OPs, SD is clearly on the agenda in all of these documents. In keeping with guidance from the Commission and a broad convergence of national policy approaches dealing with the issue, NSRFs and OPs generally include SD in the discussion and formulation of policy goals and strategic objectives.

However, there is considerable variation in the conceptualisation of SD, associated with different programming environments and domestic policy contexts. Some documents draw on domestic, EU or international strategies to develop an inclusive, multi-strand interpretation of sustainability along the lines suggested by EU guidance. Where SD is a relatively new policy area, or where the priority attached to SD in Cohesion policy programmes compared to other issues is limited, NSRFs and OPs devote less space to setting out their interpretation of SD and define the issue mainly with reference to other strategies.

Other documents set out a narrow conceptualisation of SD, focusing on a particular component (usually environmental sustainability) and incorporating it either as a distinct strategic priority or as a component of horizontal or cross-cutting themes. This can reflect the perception of environmental sustainability as a particularly important priority in some programme areas. It can also illustrate the assumption that the economic and social objectives of SD are automatically pursued in programmes and that the inclusion of environmental sustainability as a horizontal theme can integrate all three pillars. It is also important to note that differences in the objectives of NSRFs and OPs can influence interpretations of environmental sustainability under the SD heading.

SD-RELATED PRIORITIES AND INTERVENTIONS IN THE NSRFs/OPS.

Looking in more detail at the priorities and interventions included in IQ-Net partner NSRFs and OPs, there are frequent commitments to sustainable development and, specifically, the Community goal of protecting and improving the environment. On average, IQ-Net programmes are allocating around one quarter of total funding to the following investment themes: environmental protection and risk management; sustainable energy; sustainable transport; sustainable urban development; and bio-diversity, nature protection and natural assets. A general distinction can be drawn between Convergence programmes, some of which have allocated as much as 45 percent of resources to these themes, and some RCE programmes where allocations of less than 15 percent of total funding to these types of investment are planned. In part, this reflects the strong Lisbon-orientation adopted in many RCE regions and the fact that many SD-related categories (though not all) are excluded from the earmarking exercise.

There is also wide variation across programmes in the emphasis placed on specific investment themes. Here, it is useful to look at the main investment areas with direct

relevance to sustainable development in Community regulations. Again, these focus largely on environmental sustainability.

- Within the theme of *environmental protection and risk prevention*, support for basic infrastructure relating to water and waste is prominent in some Convergence programmes, while the focus elsewhere is on support for environmentally-friendly products and production processes in SMEs.
- The promotion of *sustainable energy* is prioritised across the majority of IQ-Net partner OPs, some giving more attention to energy efficiency than to renewable energies.
- Concerning *sustainable transport*, the most commonly supported investments are multi-modal transport, intelligent transport systems, urban public transport and cycle tracks, although expenditure on railways is apparent, particularly in Convergence countries and regions.
- Investment in *sustainable local and urban development* is also included in most IQ-Net partner OPs. Support for integrated urban or rural regeneration projects account for very significant shares of funding in a Member States/regions, although not in all.

Among all the main investment areas reviewed, the category that receives least attention is the promotion of promotion of biodiversity and nature, in part because the rural development programmes under the EARDF will be funding these interventions. On the other hand, support for natural assets and the protection and development of natural heritage does feature more heavily in some IQ-Net programmes.

INTEGRATING SD IN THE IMPLEMENTATION OF PROGRAMMES

The systems for generating, appraising and selecting projects for Structural Funds support play a crucial role in integrating SD in OP interventions. Setting obligations and criteria that inform the generation, design and selection of projects can facilitate changing interpretations of SD. It is through the implementation processes that awareness of SD issues can be raised and where a more ‘holistic’, three-pillar approach to project generation, selection and appraisal can be developed. The integration of SD in these processes clearly varies across IQ-Net programmes, reflecting different national systems for project generation and selection, the wider national and regional emphasis placed on SD, and the specific capacities of programme actors.

Nevertheless, some general trends can be identified. First, building on experiences from the previous programme period, programme managers have placed greater emphasis on developing an explicit definition of SD and setting out what sort of tangible, SD-related impacts projects could be expected to have.

Second, setting clear, SD-related criteria and providing guidance for applicants is helping to inform the design of projects. The aim is to introduce SD considerations into projects at the

earliest possible stage and to provide a foundation for integrating SD throughout the implementation stages.

Third, the complex, multi-faceted nature of SD means that monitoring its impact remains challenging. Programme managers are attempting to overcome these obstacles by developing more detailed and sophisticated indicators, drawing on expert advice and domestic and international frameworks and guidance. Many have also chosen to focus on the SD pillar of environmental sustainability. The inclusion of related criteria and indicators ensures that the environmental impact of all projects are designed, assessed and monitored, thus integrating environmental concerns in projects dealing with economic or social dimensions.

Fourth, most OPs plan to launch thematic evaluations of SD-related issues during the programme period. Finally, OPs are maintaining or extending their use of partnership structures in implementation as a means of informing the SD-content and also as a way of increasing knowledge and awareness of the issue. However, in some cases there may be a limited number of partners with the capacity to participate. Elsewhere, changes in programming arrangements can reduce the scope for partnership working.

CONCLUSIONS

This paper reveals an increased level of integration of SD in Structural Funds programmes in the current programme period. The importance attached to the issue in Commission and Member State policy discourses is reflected in more structured approaches to incorporating SD considerations into the design, strategic content, objectives and priorities of programmes and in arrangements for their implementation. Most NSRFs and OPs refer to comprehensive SD definitions, drawing on social, economic and environmental dimensions. Nevertheless, a review of SD-related priorities, interventions and funding allocations reveals a continued emphasis on environmental sustainability. SD is a complex issue. While SD-related themes and objectives can be identified in all programmes, the ongoing challenge is in developing an integrated approach to interventions which can cover a potentially wide range of policy fields and project types.

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1. INTRODUCTION

Sustainable Development (SD) is a fundamental objective of the European Union and is an overarching concept that underpins all EU policies, strategies and actions.¹ The basis of the concept is that sustainable, long-term growth and prosperity requires the ‘three pillars’ of social, economic and environmental policies to function in a mutually reinforcing way. The strategic reference framework is provided by the EU’s Sustainable Development Strategy, launched in Gothenburg in 2001 and renewed in 2006.

The importance attached to SD in EU Cohesion policy has increased in recent years, and environmental sustainability was a horizontal theme in the 2000-06 programme period. For 2007-13, Article 17 of the general regulation makes the framework of SD a binding principle for all funding objectives, confirming it as a cross-cutting or horizontal theme for the 2007-13 period: *“The objectives of the Funds shall be pursued in the framework of sustainable development and the Community promotion of the goal of protecting and improving the environment as set out in Article 6 of the Treaty”*.

The objective of this paper is to analyse how Structural Funds programmes are supporting the integration of SD in the 2007-13 period. It is based on a mix of documentary and fieldwork research carried out on IQ-Net partner programmes in Spring 2008. The research included a critical review of National Strategic Reference Frameworks and Operational Programmes, as well as interviews with national government officials, programme managers and SD experts. The research covered both Convergence and Regional Competitiveness & Employment programmes in 15 Member States.

The paper is structured in seven further sections. It begins in Section 2 by exploring the origins of the concept of sustainable development, its incorporation into EU treaties and its progressively increasing importance for Cohesion policy. Section 3 reviews the process of preparing the National Strategic Reference Frameworks and Operational Programmes, identifying whether and how SD perspectives were incorporated into the process and the role of Strategic Environmental Assessments. Section 4 examines the objectives of the NSRFs and OPs, in particular their conceptualisation of SD. In Section 5, the planned allocation of funding to SD-relevant themes is analysed, based on the categorisations of expenditure by programmes. Section 6 assesses the various processes of programme implementation - project generation and selection, monitoring, evaluation, partnership - and Section 7 draws together the concluding points to emerge from the paper.

¹ Article 2 of the Treaty on European Union

2. EU COHESION POLICY AND SUSTAINABLE DEVELOPMENT

2.1 What is sustainable development?

The definitional starting point for the concept of sustainable development (SD) is often attributed to the World Commission on Environment and Development's report 'Our Common Future', commonly referred to as the 'Brundtland Report'.² This landmark report defined SD as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."³ Although open to criticism,³ this definition forms the basic reference that is commonly employed by the United Nations and other international institutions. The key feature of the definition is the explicit recognition of long-term temporal dynamics and trade-offs in development, which lies at the centre of the notion of sustainability.

In unpacking the concept, it is generally accepted that sustainable development deals with three dimensions or 'pillars': the environment, the economy and social equity. The basic idea is that these three pillars must be mutually reinforcing in order to ensure sustainable, long-term growth and prosperity. Sustainable development is also increasingly seen as a procedural concept, that is, as a learning process and a factor to inform the decision-making process.

2.2 The EU and sustainable development

Sustainable Development is a fundamental EU objective and is an overarching concept that underpins all EU policies, strategies and actions.⁴ The origins can be traced back to the adoption of the Single European Act in 1986, which provided the EU with a legal basis for environmental policy in its own right under a specific chapter, essentially codifying the principles and practices which had evolved through three successive EU Environmental Action Programmes since 1972. It was also stated that other Community policies *should* take environmental protection into consideration.

The Maastricht treaty in 1992 amended Article 2 to state that Community activity would "promote...sustainable and non-inflationary growth respecting the environment...". The treaty also *required* other Community policies to incorporate an assessment of the implications for the environment. Following this, the Member States and the Commission were involved in the United Nations Conference on Environment and Development (UNCED) meeting in Rio de Janeiro and its commitment to sustainable patterns of development worldwide, and the Fifth EC Environmental Action Programme was adopted by the Council

² WCED (World Commission on Environment and Development) (1987) *Our Common Future*, Oxford University Press, Oxford.

³ An overview of the academic literature on the conceptualisation of sustainable development is available in the Washington State University Sustainable Development Sourcebook: http://www.wsu.edu:8080/~susdev/General_Issues.html

⁴ Art 2 of the Treaty on European Union

of Ministers in 1993.⁵ The EAP, entitled ‘Towards Sustainability’, incorporated the principle of ‘sustainable development’ in line with the Brundtland Report definition. Also of note during this period, was the adoption of legislation for nature protection through the creation of a network of protected areas (Natura 2000) under the 1992 Habitats Directive and for the protection of Europe’s water resources.

The first formal reference to ‘sustainable development’ was subsequently added to the Treaty of Amsterdam in 1999 by including it as one of the EU’s overriding objectives. More specifically, the Treaty’s preamble was modified to note the signing parties’ determination to “promote economic and social progress for their peoples taking into account the principle of sustainable development” and Article 2 mentions among the tasks of the Community, the promotion of a “harmonious, balanced and sustainable development of economic activities”. Further on, Article 6 specified that “Environmental protection requirements must be integrated into the definition and implementation of the Community policies and activities [...] in particular with a view to promoting sustainable development”.

A major turning point in the EU’s commitment to sustainable development came about at the Gothenburg European Council of June 2001 by adding the environmental dimension to the Lisbon strategy (agreed in March 2000) as a ‘third pillar’ to complement economic and social reform. This committed the EU to a number of targets, including halting biodiversity loss by 2010. The basic reference document here is the EU Sustainable Development Strategy, launched in Gothenburg in 2001 and renewed in 2006. It identifies seven key challenges and corresponding targets, operational objectives and actions: climate change and clean energy; sustainable transport; sustainable consumption and production; conservation and management of natural resources; public health; social inclusion, demography and migration; and, global poverty and SD challenges. The other part of the strategy revises the way that policies are made. It calls for a collaborative, integrated approach to policy-making to ensure that the EU’s economic, social and environmental policies mutually reinforce each other.⁶

2.3 EU Cohesion policy and sustainable development

These developments at EU level have progressively raised the importance accorded to SD and the environmental dimension in EU Cohesion policy over time. The 1988 Structural Funds reforms included an environmental dimension in the regulations, but the requirements were relatively weak and largely ignored in practice. The 1993 reforms strengthened these requirements and explicitly recognised the concept of sustainable development for the first time. Although this led to a more pro-active approach, several shortcomings of the previous period remained. The third major Structural Funds reform in 1999 mainstreamed environmental sustainability as a horizontal principle and provided more stringent obligations across the various stages of programming and implementation. Evaluation findings concluded that the effectiveness of SD integration in programme

⁵ CEC (1993) Towards sustainability: A European Community Programme of policy action in relation to the environment and sustainable development, *Official Journal of the European Communities*, C 138, vol. 36, 17 May 1993, Brussels

⁶ CEC (2007) *Progress Report on the Sustainable Development Strategy 2007*, SEC(2007)1416

documents, management arrangements and project appraisal and selection systems was relatively poor, particularly in comparison to environmental integration. The latest regulatory reforms for 2007-2013 have further strengthened the framework of SD by making it a binding principle for all funding objectives.

2.3.1 1988-1993

Under the landmark Structural Fund reforms of 1988, the environmental dimension was acknowledged in three main ways. First, the purpose of the Structural Funds was defined as providing instruments to fund measures or projects in the Community to meet common objectives, such as regional economic development and employment promotion, but also environmental protection, energy conservation and new sources of energy.⁷ For instance, the scope of assistance identified for each fund included, among the priority categories of assistance, productive investment and investment in infrastructure aimed at environmental protection (ERDF) and measures to preserve and safeguard the landscape and countryside (EAGGF). Second, the Community Support Frameworks were required to provide a statement on the coordination of and compliance with other Community policies, including environmental protection. Lastly, following the adoption of the regulation, the Commission issued a series of communications, one of which outlined the rules governing assessment of the environmental impact of the plans, programmes and projects.

The first round of Structural Funds programmes documents did not place environmental concerns high on the agenda of the priority areas for Community assistance.⁸ In particular, ideas of 'sustainable development' had not yet been integrated: programmes were perceived as economic and social strategies with limited environmental aspects. Consequently, job creation and economic development took precedence over environmental protection. Few programmes integrated the environment in the sense of using its protection or improvement as a development objective. Where programmes did address environmental issues, it generally occurred either within infrastructure programmes (where the level of integration varied substantially)⁹ or in contexts where environmental protection issues were already a part of day-to-day national and regional development processes.¹⁰

⁷ Commission of the European Communities (1989) *Guide to the Reform of the Structural Funds*, Office for Official Publications of the European Communities: Luxembourg, p8.

⁸ Clement K and Fitzgerald R (1997) *Regional Environmental Integration: Changing Perceptions and Practice with Objective 2 Programmes*, *IQ-Net Thematic Paper 2(3)*, European Policies Research Centre, University of Strathclyde, Glasgow; Taylor S, Polverari L and Raines P (2001) *Mainstreaming the Horizontal Themes into Structural Fund Programming*, *IQ-Net Thematic Paper 10(2)*, European Policies Research Centre, University of Strathclyde, Glasgow.

⁹ Woodford J (1991) *Conflict or Convergence? Environmental Priorities and the Structural Funds* Environmental Policy Discussion Paper No.1, European Policies Research Centre, University of Strathclyde, Glasgow.

¹⁰ Bachtler J and Taylor S (1999) *Objective 2: Experiences, Lessons and Policy Implications*, report to DG XVI of the European Commission, European Policies Research Centre, University of Strathclyde, Glasgow.

2.3.2 1994-1999

The 1993 revision of the regulations acknowledged the major developments in Community policies towards environmental protection, including the principle and goals of sustainable development for the first time. The main regulatory response was a requirement for regional development plans under Objectives 1, 2 and 5b and the Community Support Frameworks to include an appraisal of the environmental situation and an evaluation of the environmental impact of the proposed strategy and measures in terms of sustainable development. The Member States were also required to provide information on the involvement of environmental authorities in the preparation and implementation of Community operations and, as in the previous period, to ensure compliance with Community environmental rules.

The creation of the Cohesion Fund added further impetus to the environmental dimension of EU Cohesion policy. Targeted on the least prosperous Member States (Greece, Portugal, Spain and Ireland) the fund provided an important source of resources to finance projects in the fields of transport and the environment (e.g. protection and management of water resources, as well as the collection, treatment and recycling of waste).

Lastly, the Commission issued notes for guidance for Objective 2 regions in the second programme period (1997-1999), and these notes specifically listed 'Environment and Sustainable Development' among the new priorities. Acknowledging the complementary nature of the environment and regional development, the guidance stated that the horizontal character of the environment needed to be borne in mind in the definition and implementation of other Community policies and especially in the Structural Funds programmes.

The new regulatory framework led to a more pronounced, but still modest, response in the programmes launched in 1994.¹¹ The programmes showed improvements in integrating environmental concerns, although not yet under the heading of a sustainable development approach. As required by the new regulations, the programmes examined the state of the environment, reporting, environmental impact, environmental gain and environmental integration. Nonetheless, the level of effective integration of the issue and of impact assessment remained low. The focus of environmental aspects was on the environment *per se* rather than on sustainable development in its broader sense. The majority of programmes included environmental profiles, and while programmes made considerable progress with the identification of impacts, there was a tendency to focus primarily on environmental measures. Most programmes approached the environment from a horizontal perspective, with environmental issues appearing within sub-strategies or within priorities and strategic objectives.

¹¹ Clement and Fitzgerald (1997) *op.cit*; Taylor *et al.* (2001) *op.cit*.

2.3.3 2000-2006

The progressive developments described above set the context for a more interventionist approach for the 2000-06 programme period. The 1999 revisions to the Structural Funds Regulations made environment sustainability one of the horizontal themes (along with equal opportunities) that should be integrated or mainstreamed in the programmes. This was reflected in a more systematic treatment of the environment and sustainable development across the various headings addressed by the Regulations, including the partnership principle, programme preparation, content, monitoring, evaluation, and information and publicity. In addition, a *Vademecum* and other Commission Working Papers and Technical Documents provided further specification of the regulatory requirements and suggested methods for compliance with the horizontal themes, including a handbook on environmental assessment of regional development plans and EU Structural Funds programmes.

The first official thematic evaluation of sustainable development in the 2000-2006 period was published in 2002.¹² The study had four main aims: to develop methods, indicators and approaches for the evaluation of regional SD, particularly through the development of a 'four-capitals' evaluation model; to identify ways throughout the delivery systems for Structural Funds to generate better projects promoting SD; and, to identify the main policy trade-offs being made in regional development policies either explicitly or implicitly.

The GHK analytical framework was based on a modification of the three pillar conceptualisation of SD into a model with four types of capital (the so-called 'four-capitals' model), comprising: manufactured or man-made capital (essentially economic infrastructure); natural capital (eco-systems and natural resources); social capital (social trust, norm and formal/informal networks); and human capital (human productivity based on health, innovation, talents and skills). The categorisation allows issues dealing with individuals (e.g. education and health, skills, innovation and entrepreneurship) to be isolated from the economic and social pillars.

The potential for sustainable development lies in the trade-offs between the various forms of capital and the degree to which a decline in one form of capital breaks a critical SD threshold or whether a decline in capital is compensated for by increases in other forms. In this context, the key trade-offs identified in the case study regions with regards to regional development policies included: the impact of road building on land use and emissions; the impact of greenfield development on biodiversity and on emissions through increased transport; the impact of increased tourism on natural habitats; the impact of agricultural development on water use and pollution; and, in some cases, the impact of increased employment and wealth on increasing income disparities and social exclusion.

In examining the evidence of the contribution of the Structural Funds to SD in strategic terms, the main conclusion of the GHK evaluation was that the existence of domestic SD strategies or objectives was a key conditioning factor. In regions where such

¹² GHK, PSI, IEEP, CE (2003) *The Thematic Evaluation of the Contribution of the Structural Funds to Sustainable Development* DG Regio, European Commission, Brussels.

strategies/objectives did not exist (e.g. Nordrhein-Westfalen, Sachsen, Vastra Gotaland, Antwerpen and Norte) or where they did but were not linked to general economic development strategies (e.g. West Midlands, Nord Pas de Calais, Midi Pyrenees, Navarra, Catalonia, Campania, Calabria), the strategic approach to SD under the Structural Funds was considered to be generally weak. By contrast, in regions with a strong regional SD strategy linked to other regional development strategies, the strategic approach to SD was considered to be stronger, (e.g. the Structural Funds strategies of Andalucia and Thessalia). However, domestic SD strategies were generally considered to lack clear, consistent and explicitly weighted SD objectives or an explicit treatment of SD trade-offs, and were therefore of limited value in the delivery of SD. At the level of projects or measures, consistency with domestic regional development policies, spatial development or territorial planning strategies and instruments were also reported to play an important contribution.

Several weaknesses were identified regarding the integration of SD into programme management arrangements. First, there was limited participation or influence by actors or organisations representing SD-related issues in the design of the strategies. Second, effective representation by SD actors in Monitoring Committees was hindered by a lack of resources and the infrequent nature of the meetings. Third, very few programmes had set up formal SD advisory groups or managers to support the various stages of programme implementation.

Project generation and selection systems were also criticised. The integration of SD into project generation activities was generally hindered by a lack of strategic vision, a lack of awareness and resources amongst project applicants, and the prioritisation of financial absorption over project quality. Project scoring and appraisal procedures often lacked transparency or were not always applied, e.g. for certain big or pre-selected projects. More specific problems relating to the scoring of projects included: insufficient weighting to horizontal criteria, no penalties for negative scores on environmental or social criteria, an arbitrary focus on non-horizontal selection criteria and no or low minimum thresholds for horizontal themes.

Other research, focusing on the integration of the environmental and SD integration in the Nordic Structural Funds, also found that the effectiveness of SD integration in programme documents was relatively poor, particularly when compared to environmental integration.¹³ Only three of the 26 programmes were assessed as performing well, and these were all INTERREG programmes. In explaining these outcomes, it was reported that the high profile of the environment in these countries had, quite perversely, served to undermine the emphasis on SD within the Structural Funds framework, rather than strengthen it. This was mainly attributed to the lack of effort to clarify or define SD. Moreover, programmes did

¹³ Clement K, Bradley K and Hansen M (2004) Environment and Sustainable Development Integration in the Nordic Structural Funds: An Appraisal of Programming Documents. Stockholm: *Nordregio Report* 2004:7; Clement, Keith. "Structural Fund Programmes as Instruments for Sustainable Regional Development a Review of Nordic Effectiveness." *Innovation: The European Journal of Social Science Research* 17, no. 1 (March 2004): 43-61.

not often clarify the hierarchy between SD and the environment, tending to conflate the two terms. As a result, SD tended to be viewed through an environmental or ecological sustainable development lens, thus focussing only on the environmental pillar.

2.3.4 2007-2013

The latest Cohesion policy reform for 2007-13 has further strengthened the regulatory framework for SD. Under a specific article, the general regulation makes SD a binding principle for all funding objectives, confirming it as a cross-cutting theme: *“The objectives of the Funds shall be pursued in the framework of sustainable development and the Community promotion of the goal of protecting and improving the environment as set out in Article 6 of the Treaty”* (Article 17). Article 3 of the regulations notes that *“action taken under the Funds shall incorporate, at national regional level, the Community’s priorities in favour of sustainable development by strengthening growth, competitiveness, employment and social inclusion and by protecting and improving the quality of the environment”*.

The integration of environmental issues remains a crucial aspect of SD. As in the previous period, this is articulated around a comprehensive framework with environmental considerations featuring under most of the main headings addressed by the regulations. The requirements for Strategic Environmental Assessment of policies and programmes and environmental impact assessment of major projects for 2007-13 have strengthened this commitment. The scope of eligible investment under the Funds attaches priority to the environment and risk prevention, and there is an increased focus on SD-related areas, such as sustainable modes of transport and renewable energies and energy efficiency. This is also reflected in the broader scope of eligible investment under the Cohesion Fund.

However, regulations leave a large degree of flexibility in how SD is defined and how the principle is integrated into programmes. The remainder of this paper examines how the regulatory requirements and the Commission’s guidelines are being translated into practice.

3. INTEGRATING SUSTAINABLE DEVELOPMENT IN THE DESIGN OF NSRFs AND OPs

Article 17 of the General Regulation makes it clear that the framework of SD is a binding principle for all funding objectives, confirming it as an integral theme for the 2007-13 period. Sustainable development needs to be seen 'in the round' as a combination of economic, social and environmental objectives throughout the phases of programme design and implementation. In terms of design, a basic concern of the European Commission has been to avoid the perception of SD as an expensive addition to the focus or objectives of programmes, or as a series of individual projects or initiatives. Against this background, the following section reviews approaches to integrating SD in the design of NSRFs and OPs.

The fundamental difficulty for Managing Authorities is that SD is a complex concept which has a range of definitions. On the one hand, this definitional variability provides flexibility and scope for interpretations and applications in different national contexts. On the other hand, the variability can make it difficult to achieve clarity in implementing the concept.¹⁴ Clearly, the challenge for those seeking to develop ambitious frameworks - where Sustainable Development is integrated at all levels and at every stage of programming - is the need to build 'ownership' based on common understanding and values. At an abstract level, IQ-Net partners found there was often consensus on the importance of the 'umbrella' concept of sustainable development. However, these ideas became more difficult at the point of translating the concept into actions and transactions. It is here that the mobilisation of different groups and experts - with perspectives on, or interests in SD - in the drafting of the NSRFs and OPs was potentially important, not only covering the preparation of the strategy but laying the foundations for further partnership in the implementation, monitoring and evaluation of programmes.

The drafting of NSRFs and OPs was complex and interactive, potentially involving a variety of actors at different levels. With respect to the programming of SD, two factors were important. One was the implementation of the partnership principle: across Member States, there were different approaches to the inclusion of partners in strategy development, and this affected the degree to which different bodies (and perspectives) were involved. A second factor was the priority attached to SD and its conceptualisation at the start of the programming process and the degree to which this was seen to require particular types of expertise or the involvement of specific bodies at different stages.

As a generalisation, it appears that incorporating SD into the programming process was seen as a particular responsibility of environmental ministries, agencies, NGOs, networks or other bodies. Although this did not necessarily reflect a fully integrated or holistic approach to SD programming, it did ensure that the 'traditional' economic and social orientation of programme development had a strong environmental dimension, thereby broadening the approach in the direction of 'three pillars'. While it was often questionable whether the

¹⁴ COWI, ECA and S Wilson (2004) *Evaluation of Approaches to Integrating Sustainability into Community Policies*, European Commission Secretariat General, Brussels

three-pillar approach was achieved in practice, the programming for 2007-13 did mark a stronger involvement of environmental interests (and SD rhetoric) than in previous periods.

3.1 Broad consultation with partners

At the most basic level, the drafting of the NSRFs everywhere involved a process of institutional and/or public consultation, which included representatives of environmental interests within and outside government. While useful, particularly for giving environmental NGOs and non-profit organisations an opportunity to comment on the SD approach in NSRF drafts, it could be argued that broad consultation events provided less scope to inform and strengthen the SD orientation of NSRFs than more targeted and iterative approaches.

Conferences, seminars and workshops organised in some Member States as part of the drafting process often targeted SD-related themes (e.g. **Austria, France**). Although these were often organised mainly for information dissemination purposes, they could also have an impact on the drafting process.

- **Belgium - Vlaanderen:** A draft of the NSRF was disseminated for consultation, notably within sub-regional partnership structures, but also to the Vlaanderen Environment and Nature Council (MiNa-Raad). Changes were made based on the MiNa-Raad's suggestion to include a reference to the Vlaanderen SD strategy and to specify the relationship with the rural OP and the Life + programme. Furthermore, the possibilities to carry out energy efficiency interventions were clarified.
- **Italy:** Preparation of the NSRF included a seminar on 'Environment and Energy for Sustainable Development', involving a wide range of participants from regional government, regional and national environmental authorities, academia and consultancy. The conclusions were used to inform the contents of Priority 3 'Energy and Environment: Sustainable and efficient use of resources for development' in the NSD.
- **Slovenia:** The Sustainable Development Council, the governmental central consultancy body, played an important role in organising a public consultation process with SD groups in civil society before and after the presentation of the draft NSRF. Key issues from the targeted discussion involved: the inclusion of environmental dimension in rural development; the inclusion of development activities to ensure quality public transport; the involvement of national minorities in development activities; the inclusion of the demographic issue; and, more concrete inclusion of contents of life-long learning.
- **Spain:** The Environmental Authorities' Network fosters collaboration and exchange of experiences between environmental bodies and Cohesion policy programme managers and implementation bodies. The network held numerous conferences during the period of NSRF formulation, reflecting on issues such as sustainable development, the environment and strategic environmental assessment in new period. The NSRF notes that the network played an important role in the incorporation of sustainability into all the priority axes described in the NSRF.

As with the design of the NSRFs, the organisation of periodic meetings or workshops was a commonly used method of engaging SD partners in the process of OP design.

- **Italy - Lombardia:** A large number of environmental actors and stakeholders were included in the stages of programme and environmental report preparation which involved consultation between authorities with competencies in the environmental field (i.e. various regional DGs, the regional Environmental Authority, and the directorate in the region of the national ministry for cultural and natural assets), as well as the unions of provinces, municipalities and mountainous municipalities. The process also included programme stakeholders with environmental competencies (i.e. representatives of the universities located in the region, of research institutions with environmental competences, and of environmental and consumers associations represented at the regional level).
- **Poland - Śląskie:** The process of drafting the ROP, involved a series of thematic events, including an environmental meeting. This involved representatives of the Regional Environmental Fund, scientists and national and regional level programme managers. Several of the meeting's recommendations were integrated into the ROP under the Environment priority.
- **UK - Scotland:** The new OPs (which were predominantly drafted by the Scottish Executive) were informed by partner comments at workshops held on environmental sustainability.

3.2 Partner involvement in programming bodies

In some Member States, partnership working groups played a more prominent role in the design of NSRFs and OPs than in previous periods. This supported a structured, iterative approach where inputs could be made at different stages of the process by different groups of partners, including environmental organisations. The Swedish and Finnish cases are interesting for allocating responsibility to a single individual to ensure an integrated 'SD approach'.

- In **Sweden**, the NSRF was developed in a working group, where one person was specifically responsible for SD issues throughout the NSRF drafting stage. This individual, from the regional growth unit at the Ministry of Enterprise, Energy and Communications, focused on the integration of the three dimensions of SD.
- Similarly, in **Finland**, a specific individual (from the Ministry of the Environment) took responsibility for SD-related issues in the NSRF development phase. The representative was part of the Working Group led by the Ministry of the Interior, and as such took an integral part in the NSRF development process.

A different approach was to constitute specific partnerships groups dedicated to SD-related issues, although these tended to focus primarily on environmental aspects. In the **Czech Republic**, for instance, experts on the issues of environment protection were integral parts of a Working Group for Horizontal Themes. In **Italy**, the Ministry of the Environment and the network of regional environmental authorities made an input into the drafting process

(although the increasing focus on environmental issues in sectoral programmes rather than as a horizontal theme changed the emphasis somewhat). In **Germany**, environment ministries at federal and *Land* levels plus environmental NGOs who were represented on the monitoring committees in 2000-06 were also involved in drafting the NSRF. Issues related to the horizontal themes of environment and sustainable urban development were discussed in a working group on environmental monitoring.

The use of specific individuals or partnership groups enabled a high(er) profile to be given to environmental issues and potentially promoted a more integrated approach. However, a possible drawback of such an approach is that environmental issues are seen as being externally promoted. In some IQ-Net countries/regions, the approach to environmental issues (and SD) was based on *structures* (e.g. existing bodies which combine economic, social and environmental interests), which facilitated an ongoing and targeted SD focus. Such structures increased the profile of SD-related issues and provided continuity and coherence to the way they were addressed. In the best cases, 'multi-sectoral structures' brought together programme actors and thematic experts, and strengthened the integration of specialist knowledge and the knowledge of the mainstream economic development professionals involved in programme development.

- For example, in **Finland** an SD approach was based on legislation - the requirements of the domestic SOVA law¹⁵ - under which sustainable development (particularly the environmental dimension) was an important perspective to be taken into consideration in the OP programming process. In **Länsi-Suomi**, programming (led by the Regional Council of Pirkanmaa) was undertaken by the structural policy working group of the West Finland Alliance which included representatives from the regional environmental administration¹⁶, and which had an opportunity to provide comments on the OP and the SEA throughout the drafting process (i.e. as an integral part of the programming team).
- In **Sweden**, the drafting of the OPs by the County Administrative Boards¹⁷ often drew on internal environmental expertise. Due to their broader role in regional development, they often have experts covering environmental and equality issues,.
- In **Kentriki Makedonia**, environmental issues were included in thematic units created for the drafting of the ROP. Relevant work was undertaken by a programme drafting team which comprised a representative of the region on environmental issues (from the Directorate of Environment and Physical Planning), a person from

¹⁵ SD perspective is an integral part of the domestic SOVA law. The SOVA law requires authorities to evaluate environmental impacts of all programmes and plans, whose implementation may have a significant impact on humans, nature and its diversity, built environment, landscape or natural resources. The results of the evaluation contribute to the SEA.

¹⁶ There are 13 regional environmental administrations in Finland operating under the Ministry of Environment. They are one of the regional implementing authorities (alongside Regional Councils, T&E Centres, road administration, State Provincial Office).

¹⁷ A County Administration Board is a Government appointed board of a County in Sweden. The CABs led on programming as the changeover to Nutek (the MA for the 2007-13 ERDF programmes) had not yet taken place.

the managing authority which had the responsibility of programming and drafting the OP and an advisor for the planning of the whole programme who, in this case, was an environmental expert. Thus, environmental experts were an integral part of the programming team mostly through the presence of experts from the relevant Directorate.

- In **North East England**, the OP drafting process was managed by the Government Office and the RDA, with periodic reporting to the 'Project Board' - an extended version of the existing Strategic Programme Management Group - which was made up of 12 programme partners. The Project Board was supplemented by representatives from regional interests, including the environmental sector.

3.3 Specialist input - strategic environmental assessments

Specialist input was a prominent feature in incorporating SD (environmental) issues into the design of several NSRFs and OPs. To a certain extent, this was based on the requirement to carry out Strategic Environmental Assessments at least at OP level. However, it also reflected the aim of (some) programme managers to develop a clearer understanding of the SD agenda at the earliest stage of the programming process.

NSRFs were not formally obliged to include Strategic Environmental Assessments, although it was regarded as 'good practice'. For example, in **Slovenia**, a strategic impact assessment on sustainable development launched for the National Development Plan 2007-2013 (NDP) informed the development of the NSRF. In **Austria**, the SEA was seen as an integral part of the process of designing the NSRF. The evaluators were involved in a continuous feedback process, although the evaluation did not make any major proposals for changes to the NSRF. In **Poland**, the Environmental Protection Institute assessed a preliminary draft of the NSRF in 2006 and made some recommendations for the final draft concerning the need for stronger set of indicators to measure the impact of actions on the natural environment that was taken into account in the final NSRF version). However, these exercises were obviously limited to the environmental component of sustainable development.

Some OPs sought expert input to ensure that SD environmental issues were taken into account in the drafting process. Expertise was drawn from within the Managing Authorities or from external sources.

- In **Nordrhein-Westfalen**, various SD experts were involved in the design of the OP, both from within the *Land* administration (the Ministry for the Environment, Nature protection, Agriculture and Consumer Protection) and from the external environmental community.
- In the Czech Republic, the Regional Operational Programme for **Moravskoslezský** used an external environmental expert as an integral member of the drafting team from the beginning of the process. An external SD expert was also brought in to assist programme managers in meeting Commission requirements on SD. The value of engaging consultants with a solid grasp of the complex SD issue, in terms of their contribution to workshops and focus groups and their direct inputs into the drafting

process, was apparent where experience in this field was limited or where there was a lack of time and human resources.

As noted above, all OPs were obliged to carry out Strategic Environmental Assessments (SEAs), and this clearly increased the scope for expert input at this level. The value attached to the SEA process and its impact on OPs varied in different programming contexts. For some OPs, the SEA process could be seen as part of the overall effort to comply with Commission regulations and as a testing administrative exercise to assess an issue that could only have very limited impact. This could apply to Regional Competitiveness & Employment OPs with limited funding and a narrow focus on economic growth or to Convergence OPs administering a significant level of funding and pursuing a wide range of actions. Nevertheless, in all cases, the execution of Strategic Environment Assessments had some basic value (see Table 1).

Table 1: The organisation and impact of the SEA on partner OPs

OP	Main amendments
Austria: Nieder-österreich / Steiermark	Increased emphasis on environmental aspect in priority on attractiveness of regions and business locations
Belgium: Vlaanderen	SD-related criteria included in project selection procedures. Programme level context indicators, based on regional environmental report, included
Czech Republic: Moravskoslezský	Inclusion of a set of environmental monitoring criteria.
Denmark	No info on SEA noted in the OPs - assumed impact concerns overall focus on environmental sustainability
Italy: R&C OP	Mostly relating to monitoring and evaluation systems.
Italy: Lombardia	Inclusion of environmental monitoring indicators. Introduction of guidelines for implementing projects that may have negative environmental impacts
Finland: Länsi-Suomi	No major changes to the content of the OP as a result of the SEA, although general recommendations were taken into consideration.
France: Aquitaine	No major amendments to OP strategy - confirmed integration of the environment as dedicated priority and cross-cutting theme. Strengthened explicit focus on awareness-raising in the implementation process.
Germany: Nordrhein Westfalen	Contributed ideas on indicators. Mechanism for monitoring the OP environmental effects, based on existing environmental monitoring by the Land and data generated by OP projects (outputs, results). At mid term (2010), the implementation report will include a comprehensive environmental monitoring report, evaluating the environmental effects of the OP.
Germany: Sachsen Anhalt	No major changes were made to the OPs as a result of the SEA.
Greece: Makedonia-Thraki	Contributed in terms of recording the situation of the environment, emissions, pollution, quantified indicators
Poland: Śląskie	More emphasis on environmental aspects in the location of investments and protection of nature areas

Spain: Pais Vasco	Facilitated the identification of common environmental project selection criteria and a uniform monitoring system
Sweden Norra Mellansverige OP, Mellersta Norrland OP	Coverage of environmental issues extended, notably by including more environmental targets, project selection criteria and monitoring indicators.
UK: North East England	Amendment to strategy to refer to human resource actions under the priority for Enhancing and Exploiting Innovation, reference to BREEAM standard added to implementing provisions, rewording of programme objective to reflect sustainability commitment by including reference to disadvantaged areas.
UK: Scotland	Extended scope of eligible activity, strengthened use of environmental theme in monitoring criteria (see case study box).
UK: Wales	A number of aims and indicative actions were added relating to resource efficiency, reductions in air emissions, improved quality of life through urban development and access to employment.

Source: EPRC research

At the very least, the SEA guaranteed some focus on environmental related issues in the drafting process. In **Denmark**, the conclusions of the SEA had limited impact on the ERDF programme but the process helped to maintain and perhaps increase the focus on environmental sustainability. The SEA process was also regarded as a useful tool in helping programmers to develop their understanding of SD issues and how they could be integrated into the programmes. This applied, for instance, to the County Administration Boards in **Sweden**, (although the shift of implementation competences for 2007-13 to a new MA, NUTEK, means that a new round of training in implementing SD issues is planned).

The SEA process also ensured that SD-related issues were part of the agenda of broader programme partnership groups. In the Austrian and German programmes, external experts involved in the SEA participated actively at workshops and meetings of OP working groups. In **Vlaanderen** and **Aquitaine**, a focus of the programmes is on raising awareness and promoting SD-related initiatives, and SEA consultation processes made an important early contribution in this respect. Thus, even where the results of SEA merely confirmed the broad approach to SD and the core SD interventions of the OPs, the process itself had value.

The impact of the SEA process depended on a range of factors that applied to the broader evaluation approach. Issues such as synchronicity were important: delays in carrying out the SEA could obviously lead to it being responsive to changes of the ROP and not vice versa (as was the case for some Greek OPs). In contrast, in some OPs, SD and environmental experts, including evaluators for the SEA, worked in parallel to programme drafting, ensuring a more integrated process (see Box 1).

Box 1: Scotland: SEA as an integral part of programme design

In Scotland, the SEA process was iterative and fed into the programmes as they developed. Under both OPs, SEA recommendations led to the scope of eligible activity being extended to provide positive support for issues such as: support for environmental audits and carbon-footprint approaches for enterprises (Highland and Islands of Scotland Priority 1, Lowlands and Uplands of Scotland P2); support for resource and energy efficiency initiatives by enterprises (Highlands and Islands of Scotland Priority 1, Lowlands and Uplands of Scotland P2); support for 'green design' and higher-than-required construction standards for building/transport projects in support of sustainable communities (Highlands and Islands of Scotland Priority 3, Lowlands and Uplands of Scotland Ps 3 and 4).

In addition, monitoring has been informed by the SEA, and the OPs will measure the following on an on-going basis: number of energy-saving and resource-efficiency projects; number of renewable energy projects (e.g. the number of renewable energy research projects in Priority 1 of both OPs).

In some cases, there are plans for this involvement to continue into later programme phases. In **Wales**, SEA conclusions will also be used on a continuing basis in that, when projects are going through the approval process, the SEA risk assessment will be used as a reference point. In **Lombardia**, the SEA has been designed as an ongoing process, following the whole life of the programme and informing all the phases. This is considered the main innovation with regard to the experience 2000-2006, where the assessment of the programme's positive environmental effects and trade-offs was confined to specific occasions (e.g. ex ante, mid tem evaluation; project appraisal etc.).

Beyond this, it is possible to identify some basic trends concerning the use of SEAs in the OPs. First, most SEAs focused on environmental sustainability, rather than incorporating a broader, 'three-pillared' sustainable development perspective. This is understandable given the SEA remit. The SEA could be perceived as implicitly supporting a comprehensive approach to sustainable development by 'environment-proofing' the social cohesion and economic growth interventions of OPs. For instance, the SEAs of the **Swedish** OPs provide no specific definition of SD. Rather, they state that the aim is to integrate relevant environmental aspects into the programmes so that sustainable development is promoted. The **Niederösterreich** OP outlines the aim of the SEA process in terms of ensuring the balance between economic, social and environmental aspects: "*a high standard of environmental protection and the consideration of environmental aspects at an early stage - of the same value as economic and social interests*".

Second, the evaluation culture and capacity in different programming contexts had an impact on the SEA process. The capacity to utilize evaluations and assessments as programme management tools rather than as basic regulatory requirements varies.

Third, given time and funding constraints, for several OPs, the SEA was an obligation based on the regulations, not an instrument for the integration of sustainable development with the ROP. However, there were some exceptions. For instance, in **Länsi-Suomi** the SEA was carried out at the priority level and focused on social, ecological, cultural, economic and equality impacts.¹⁸ The first three impacts (social, ecological and cultural) were required to be carried out as part of the domestic legislation, whereas the latter two (economic and equality) were simply considered to be important for the OP. As a result, the OP contains detailed discussion of environmental synergies and trade-offs.

Fourth, where SEAs had an impact on OPs, this tended to be on arrangements for management and implementation rather than content. In several cases (e.g. **NordrheinWestfalen, Moravskoslezský, Aquitaine** and **País Vasco**) the OP was adapted to include a stronger emphasis on the environmental theme in monitoring arrangements. In this way, SEAs can be seen as part of a process where SD-related themes have become less abstract and more operational in the current programme period.

In summary, assessing the overall integration of SD in the design of NSRFs and OPs, two basic themes can be identified.

- The predominance of environmental ministries and agencies, NGOs and experts in SD-related inputs into the NSRF, reflects continued conflation of SD with narrower environmental concerns.
- There is evidence that, in some cases, SD interests were incorporated into the drafting process in an integrated way from the inception to approval stage. Elsewhere, however, there was still a tendency to look at SD issues only through 'one off' consultations and in isolation at some stage of the drafting process. This approach made it difficult to achieve the ultimate SD objective of pursuing economic development, social inclusion and environmental protection as interconnected, mutually reinforcing elements of a development strategy.

¹⁸ The assessment focused on five impact areas, including: social impacts (health, living conditions); ecological impacts (soil, water, air, climate, vegetation, diversity of nature); cultural impacts (urban structure, built environment, landscape, cityscape, cultural heritage); economic impacts (utilisation of natural resources, employment, education, economic development, competitiveness, expenditure, image); equality impacts (regional equality).

4. OBJECTIVES OF THE PROGRAMMES

4.1 Conceptualising SD in the NSRFs and OPs

Commission regulations leave considerable flexibility in how SD should be defined in the 2007-13 programmes. Article 3 of the General Regulation notes that action taken under the Funds should incorporate, at national and regional level, the Community's priorities in favour of sustainable development by strengthening growth, competitiveness, employment and social inclusion and by protecting and improving the quality of the environment. This draws on the multi-faceted, 'three pillar' definition of SD, which argues that economic, social and environmental policies should not be designed or implemented separately. Instead, in the long term interest, these three areas should be pursued simultaneously as closely related, mutually reinforcing elements of a complex whole. Until now, conceptualisations of SD in Structural Funds programmes have tended to stress environmental objectives, a relatively well-focused policy field in which programme managers have some experience. Rather than regarding environmental issues as a component of SD, programmes in the 2000-06 period tended to conflate sustainable development with environmental sustainability.¹⁹ Thus, key questions relate to raising awareness and addressing conceptual misunderstandings. To what extent do NSRFs and OPs provide a clear definition of SD? Are the economic, social and environmental components of this definition coherent?²⁰

There is diverse conceptualisation of SD in the NSRFs and OPs. The treatment of the issue as part of the core strategic objectives of NSRFs varies considerably. Indeed, there is no consensus on the terminology itself: terms such as 'sustainable growth' and 'balanced development' appear in the strategic objectives of some NSRFs, covering SD-related themes. OPs also vary in terms of the approach taken to conceptualising SD and in the emphases contained in the interpretations themselves. This is not surprising given the definitional uncertainty surrounding the issue. Moreover, pragmatic considerations, in the face of changing coverage, focus and available programme funding, and differences in the strength and direction of domestic SD conceptualisations and priorities, have produced some variation.

Nevertheless, some basic categorisation of the ways SD is conceived in programme documents can be attempted. Almost all the strategic sections of these documents refer to definitions of SD that integrate environmental, economic and social dimensions. However, some documents devote space to 'unpacking' its definition while others refer to domestic or international strategies to help define SD. Some cover the issue under the heading of horizontal or cross-cutting themes. These sections usually define the theme, reiterate the importance of mainstreaming throughout the programme and, in some cases, demonstrate

¹⁹ CEC (2004) *The Mid Term Evaluation in Objective 1 and 2 Regions: Growing Evaluation Capacity - Final Report*, DG Regio Evaluation Unit, European Commission, Brussels

²⁰ Moss T and Fichter H (2000) *Regional Pathways to Sustainability: Experiences of Promoting Sustainable Development in Structural Funds Programmes in 12 Pilot Regions*, European Commission DG Research, Brussels.

how the themes can be linked to different priorities (e.g. through a matrix, table or by setting strategic targets).

The quality of these different approaches varies. Some appear to do little more than ensure formal compliance with Commission guidelines, while others provide more detailed examinations of how the themes underpinned the strategy's priorities. Member States have generally acknowledged the multi-faceted three-pillar definition of SD. However, the extent to which this definition is 'unpacked' (e.g. through an assessment of synergies and trade-offs between economic, social and environmental aspects) is limited. For a variety of reasons, most conceptualisations continue to focus mainly on the environmental component.

4.2 Integrated SD approaches

As noted above, almost all of the strategic sections of these documents refer to definitions of SD that integrate environmental, economic and social dimensions. The **Swedish** NSRF states that *"SD should be a feature of all regional development work. The three dimensions (economic, social and environmental) are considered to be of equal importance and dependent on one another."* In Sweden, SD has been promoted since the early 1990s, and the adoption of the domestic Strategy for Sustainable Development in 2002 marked a formal recognition of the three dimensions of sustainable development. The strategy was revised in 2004 and most recently in 2006 when the revision process took place in close cooperation with the drafting of the Swedish NSRF.

The Swedish NSRF does not provide a 'one-size fits all' definition, leaving it to the regions to decide which aspects of the SD agenda to focus on, according to their specific contexts:

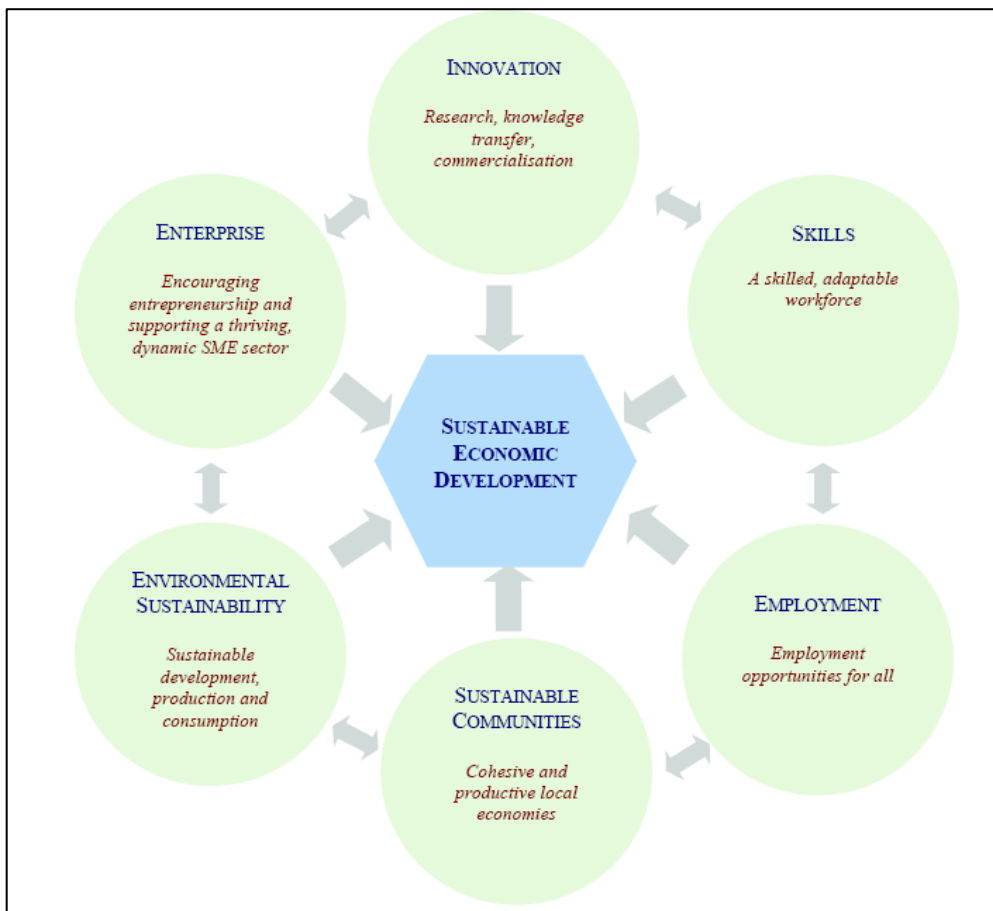
"Sustainable development is not a static situation with a single definition. It is a process of change, a form of development in a sustainable direction, whereby each region must find its own route based on its own circumstances. Controlling the way in which the regions choose to realise their vision for sustainable regional development is not a national task. It is the regional level which knows which initiatives and priorities are most suitable for changing unsustainable trends, changing unsustainable structures and facilitating sustainable development in each region." (Sweden NSRF)

The development of a broader conceptualisation of SD in the NSRF in order to provide greater flexibility for those putting programmes into operation is also apparent in the case of the **United Kingdom**. Here, the interpretation of SD appears to be wider than simply environmental, with economic and social aspects included. The NSRF describes the concept of sustainable development in the context of the Structural Funds as ensuring that OPs contribute to a robust economy in a way that respects the limits of the planet's environment, resources and biodiversity (see Figure 1). This broad definition of SD in the NSRF provides scope for the OPs to pursue their own priorities (e.g. some programmes focus on sustainable economic development in poor areas, while others prioritise the reduction of carbon emissions).

Several NSRFs include some discussion of potential synergies and trade-offs amongst the environmental, social and economic aspects of the SD agenda. For instance, the Swedish NSRF includes a clear statement on the need to pursue synergies and resolve trade-offs under the SD heading (although it does not specify how it will do it):

“Promoting sustainable regional development involves prioritising solutions which give synergies between the economic, social and environmental dimensions whilst making balanced adjustments between opposing interests and conflicts between the three dimensions. With effective sectoral coordination, those overall solutions which are best for society can be identified.” [Sweden NSRF, p10]

Figure 1: Conceptualisation of sustainable development in the UK NSRF



Source: UK NSRF p12.

In terms of trade-offs, some NSRFs highlight the tension between economic growth and environmental sustainability. For the specific priority of the environment and sustainable development, the Spanish NSRF notes that Spain has witnessed rapid economic growth over recent years, which has led to a generalised increase in the levels of income per capita. The combination of these two factors, combined with urban growth, has led to an increase in the demand for energy and infrastructures and a related increase in the environmental impact. Similarly, the Polish NSRF justifies support for the lagging eastern regions with

reference to the urgent need to attain levels of economic development comparable to other parts of Poland. However, the NSRF also states that the regions in question are characterised by unique natural value and that the overarching principle of sustainable development should protect this status (though there is no detail on how these two objectives can be integrated in practice).

The strategic sections of some OPs also refer to potential synergies amongst these pillars, notably concerning potential synergies between competitiveness and environmental protection (e.g. in the **German** OPs and **Śląskie**, relating to resource efficiency and environmental technologies). The **País Vasco** OP contains a coherence matrix between the OP priorities and the CSG. Regarding SD, the analysis shows that three of the five priorities contribute directly to the CSG guideline of strengthening the synergies between environmental protection and growth.

4.3 Defining SD with reference to domestic/international strategies

Several NSRFs and OPs contain limited definitions of sustainable development, largely based on references to EU or other international SD documents and strategies. At a basic level, NSRFs note how they refer to the Community Strategic Guidelines (CSG) and this includes those guidelines that relate to SD issues. The **Spanish** NSRF, for instance, notes that the CSG guideline ‘to strengthen the *synergies* between environmental protection and growth’ is addressed under the ERDF priorities 2 and 3 (for the Environment, Sustainable Development and Risk Prevention) for the Regional Competitiveness & Employment and Convergence Objectives respectively, and under the Cohesion Fund’s Priority 2 (Environment and Sustainable Development). The main interventions foreseen to *strengthen* these synergies are the development of infrastructure for water supply, water and waste treatment, the management and defence of the coast, decontamination of land and protection against environmental risks such as floods, droughts and fires.

Defining SD with reference to other strategies or documents is understandable in cases where the issue has only recently gained prominence, often in response to external influence from the EU (e.g. reference to the European Sustainable Development Strategy in the **Greek** NSRF). Alternatively, limited conceptualisation of SD in the NSRFs can denote pragmatic decisions to leave detailed interpretation for those implementing OPs in their own programme contexts. It may also reflect a limited overall focus in NSRFs or OPs on what are understood to be SD-type issues, given changes in the programming environment.

In **Austria**, for instance, there is no SD definition in the NSRF, although references are made to the renewed European SDS, based on the Gothenburg Agenda. The geographical broadening of Austrian programme coverage in 2007-13 implied the need for a narrower thematic approach under the RCE Objective. Hence there is a clear focus on Lisbon-related themes, especially R&D and innovation. With the requirement of a focused NSRF, other aspects, such as SD (equated with environmental actions) received more limited emphasis.

This also applies to RCE OPs in other Member States where funding for 2007-13 has declined and where it is assumed that the impact of programmes in terms of SD, relative to domestic development strategies may be limited. It also refers to Convergence OPs where sustainable

development is a relatively new theme it can be interpreted as a peripheral issues which will divert economic development programmes from their central tasks of raising competitiveness and creating employment.

However, this does not automatically imply that these NSRFs and OPs are not underpinned by an SD perspective. Rather, it can reflect the growing endorsement of SD as an important part of domestic, national and regional development strategies. Besides the EU Sustainable Development Strategy and the Gothenburg Agenda, almost all Member States now have national and sometimes regional sustainable development strategies which have informed the design of NSRFs and OPs. In preparation for the current programme period, there has been increasing alignment between EU-funded interventions and domestic development strategies that increasingly include SD-related issues.

Several NSRFs refer to domestic SD strategies and frameworks in the sections of programme documents referring to integration with other strategies, although there is usually little detail on how this will occur in practice. In **France**, the national SD strategy provides a basic framework for the use of Structural Funds. It is based on the Gothenburg strategy, comprises objectives, an action plan, and associated indicators for all territories. Moreover, a national biodiversity strategy, a climate plan and a law on energy linked to the Kyoto protocol are also referred to in the NSRF. Under the horizontal principle of SD (or rather 'sustainability') in the **Spanish** NSRF, the main domestic strategy that is referred to is the 'Plan for Renewable Energy 2005-2010'. In **Finland**, Priority 4 of the NSRF (improving regional accessibility and the business environment) was developed on the basis of a number of domestic goals, strategies and policies, such as the national climate strategy, sustainable development strategy, the national traffic policy, information society policy, tourism strategy, and the rural culture programme.

Several OPs also contain definitions of SD that are explicitly linked to domestic strategies. In **País Vasco**, the strategy for sustainable development for the 2002-2020 period provides a comprehensive discussion of the different definitions of SD and the key underlying principles, and this is part of the strategic context underpinning ERDF interventions. Under the priority axis 'Environment and Risk Prevention', the OP states that the domestic regional development strategy is "firmly committed to sustainable development, not just in terms of applying environmental legislation, but also by integrating the environmental dimension into economic and social policies in order to ensure that the concept of sustainability also guides urban development and the different sectors of industry, energy and transport." Similarly, while there is no specific definition of SD in either of the **Austrian** or **German** IQ-Net OPs, all of the programme documents refer to other national or international SD strategies, including the Gothenburg Agenda and domestic sustainability strategies.

In some cases, there has been close alignment between the drafting of these documents and domestic strategies and, to a certain extent, this has facilitated the integration of SD. In **Slovenia**, the same experts involved in the ex-ante evaluation of the NSRF and OPs conducted a strategic impact assessment (SIA) on sustainable development of the domestic National Development Plan 2007-2013. The SIA developed a framework of measures focusing on the most significant objectives of sustainable development in Slovenia. These

were integrated into the sustainable development objectives in the NSRF and to assess their impacts. Thus, it was possible to assess whether an individual objective of the NSRF was in line with the criteria and whether individual programs contributed to the implementation of individual criteria. Through these measures it was possible to assess independently the impact of the NDP/NSRF on sustainable development and to assess individual components and the whole program and prepare recommendations and proposals for the program improvement. In **Sweden**, the NSRF was developed in close cooperation with the Swedish Sustainable Development Strategy in order to ensure that SD issues would be taken into consideration in a coordinated manner in both documents.

Some NSRFs contain more detailed information on how aspects of NSRF and SD-related domestic strategies relate, for instance by including domestic strategic goals in framework documents. In its section on national frameworks and strategies, the **German** NSRF lists a number of goals, including one relating to using ecological innovations as a competitive advantage, which takes in energy efficiency as a means of long term competitiveness. It then sets out a number of related national policy fields. This includes the national sustainability strategy, which focuses on the themes of justice across generations, quality of life and social cohesion. The strategy has 19 goals and indicators, and there are seen to be strong links with the Cohesion policy focus on innovation, economic prosperity, employment, integration, and protection of resources and climate.

4.4 SD equated with environmental sustainability

In several cases, the SD definitions in NSRFs and OPs focus predominantly on environmental sustainability. This can be explained by a number of factors. In part, it could result from so-called 'conceptual drag', where policy-makers retain much of earlier approaches that conflated SD with environmental sustainability.²¹ Meeting the new Structural and Cohesion Funds regulations could also play a part, as these placed greater emphasis on the environmental dimension of SD. The general regulation mentions them in the Article 3 definition of the Funds objectives and missions, while Article 17 places the activities of the Funds within the framework of sustainable development and with the aim of protecting and improving the environment. Also, the rise of climate change in EU and domestic political agendas in recent years has underscored the importance of environmental issues.

Another potential explanation for this continued focus on the environmental dimension is the assumption in some NSRFs and OPs that one or both of the other two components of sustainable development - economic growth and social cohesion - are implicitly addressed in programme priorities. As a result, environmental sustainability is given explicit emphasis as a horizontal, SD priority to provide more balance within the programming approach. In **Italy**, for example, the NSD targets the strengthening of synergies between economic, social and environmental dimensions of regional policy, through the integration of the environmental aspects in the definition and implementation of the programmes. In **Denmark**, the conceptualisation of SD is based on the premise that, due to the already

²¹ Taylor S, Polverari L and Raines P (2001) *Mainstreaming the Horizontal Themes into Structural Fund Programmes*, *IQ Net Thematic Paper 10 (2)* European Policies Research Centre, University of Strathclyde, Glasgow.

extensive environmental measures in Denmark, funding from the Structural Funds should not be earmarked for this particular purpose.²² Sustainable economic development is assumed to be automatically covered by the decision to focus Structural Funds interventions on growth-oriented activities. 'Sustainability' is, therefore, systematically identified with environmental issues and covered through cross-cutting horizontal criteria.

A similar logic can be identified at OP level. In **Denmark**, for the ERDF programme, written in close connection with the NSRF, displays the same features as the latter: a systematic emphasis on mainstreaming of a concept related to environmental issues. This reflects a conscious decision to focus Structural Funds interventions on growth-oriented activities, while the other two forms of sustainability are included as cross-cutting horizontal criteria, which include environmental concern, equal opportunities and also preferential treatment for designated peripheral areas (i.e. social sustainability). Although the policy discourse of the OP appears to reflect a one-dimensional concern with competitiveness (and hence economic sustainability), the incorporation of a horizontal 'green line' ensures environmental sustainability while the support of peripheral areas supports social sustainability.

In some OPs, the most detailed treatment of SD is found in descriptions of horizontal priorities. In **Nordrhein Westfalen**, sustainable and environmentally-friendly development is described as a horizontal theme: the OP aims to exploit potential synergies between competitiveness and environmental protection (e.g. relating to resource efficiency and environmental technologies), as well as improvements to environmental quality in industrialised areas. In **Länsi-Suomi**, there is a brief chapter dedicated to the various horizontal principles, including SD. Here, it is stated that the promotion of SD should '*take into consideration the ecological, economic and social sustainable development in the programme implementation*' and to '*increase efficiency in energy use*'. In both **Swedish** programmes, SD is covered in a chapter entitled 'sustainable development and horizontal criteria' which focuses on environment, gender equality and integration. These horizontal criteria are seen as important elements contributing to sustainable development (and are therefore often addressed together rather than separately).

This focus on environmental sustainability can also result from a deliberate decision about how to promote SD in different domestic programming contexts. In some cases, the conceptualisation and definition of SD are purposefully limited to the environmental dimension for pragmatic reasons, even where the general definition of SD reflects economic and social dimensions too. It is notable that the focus of the **Finnish** OPs is largely on the environmental dimension. Focus on the environmental aspects of SD can reflect the importance attached to environmental issues in domestic policy agendas and the need to comply with EU regulations. In **Länsi-Suomi**, the stress on environmental sustainability is partly due to the recognition that many future problems are related to the environment (e.g. climate change and the destruction of built heritage, decreasing natural diversity, the decay of soil and ground water).

²² Erhvervs- og Byggestyrelsen. (2007). *Regional konkurrenceevne og beskæftigelse i Danmark 2007-2013. Danmarks strategiske referenceramme*. Silkeborg: Erhvervs- og Byggestyrelsen. Erhvervs- og Byggestyrelsen, pp 15-17.

This can also be the case where programmes have experienced reduced funding and where decisions have had to be made to focus on a relatively narrow part of the agenda. For instance, the OPs in **Scotland** have taken a standard approach to tackling SD as a horizontal theme that includes reference to the three pillars. However, in both the Scottish ERDF programmes (Lowland & Upland Scotland, and Highlands & Islands), sustainable development focuses on environmental sustainability. It was considered important that environmental sustainability remains visible and not subsumed into a broader SD definition. Evaluation evidence from past programmes suggested that applicants were more comfortable with economic and social development issues than with the environmental element of SD. The Scottish Executive issued guidance on the integration of SD into Structural Funds projects, stating that their approach “recognises that the goal of mainstreaming sustainable development is to produce an integrated understanding of the different elements; but that in practical terms, achieving this requires more work, both to increase awareness of the integrated nature of sustainable development, and to assist in the development of, in particular, the environmental elements.” However, there has been some criticism of the emphasis on environmental sustainability in the Scottish OPs. Some view it as disappointing, given the work done in integrating Sustainable Development in the 2000-06 Structural Funds programmes, and the fact that the Scottish Government, Scottish Enterprise and other key stakeholders have already embraced the concept. One argument is that the new programmes have taken a retrograde step by highlighting environment as the key issue, and compartmentalising it, rather than taking a holistic SD approach and embracing all three pillars.

4.5 Different environmental sustainability agendas

It is important to note that differences in the broader focus and objectives of NSRFs and OPs can influence interpretations of environmental sustainability under the broader SD heading.²³

In Member States with reduced Cohesion policy support and the majority of funding under Regional Competitiveness & Employment programmes (e.g. Austria, Denmark, Finland, France, the Netherlands, Sweden, United Kingdom), NSRFs and OPs focus on innovation, use of new technology, quality of human resources and entrepreneurship. This is reflected in the conceptualisation of SD, which is often interpreted with reference to company-based environmental and energy management, investment in renewable energy sources, and development of green areas, outdoor space, natural parks, protected areas (e.g. **Nordrhein Westfalen, Lombardia**).

- The **Mellersta Norrland** OP aims at increased, sustainable competitiveness and attractiveness through developing the region’s businesses. The strategy takes into consideration natural resources, as these are an important focus for businesses (e.g. forestry, energy, and environment-related businesses, as well as tourism).

²³ See Bachtler, J. (2006) *Regional Development and Environmental Integration under EU and National Regional Policies Making the Economic Case for Environmental Integration, Exeter, 23 February 2006*

- In **North East England**, the OP's thematic focus on business and enterprise meant that environmental sustainability was considered to be the most appropriate focus - mainly through support for energy management and better environmental performance of companies. The focus chosen relates to the relative size of the programme (proportionality), how it fits with the domestically-funded Regional Economic Strategy (RES) and the RES Action Plan. The main opportunities for contributing to environmental objectives are seen as relating to reducing the environmental impacts of the organisations that are supported, e.g. through improved Environmental Management Systems. In addition, the development of alternative sources of energy and increased exploitation of new and renewable energies is central to the OP.
- The **Aquitaine** region OP places innovation and SD at the heart of its regional development strategy. Indeed, the aim is to turn innovation and SD into 'motors' of regional competitiveness and employment. Two priorities contribute to this target, Priority 3 'Promote energy and environmental potential' (29 percent of the funding envelope) and Priority 4 'Develop specific territories sustainably' (12 percent). Both priorities are conceived in line with the CSG regarding the attractiveness of regions and cities.

In Member States with significantly higher funding mostly under the Convergence heading (e.g. most of the EU12), the main focus is on convergence with other parts of the EU and the need to address basic development needs. In these cases, most NSRFs and OPs have a commitment to sustainable development, but the main emphasis is on public investment and basic conditions for business development. There is a clear focus on environmental infrastructure, the rehabilitation of derelict and contaminated sites and protection of areas of ecological interest. The focus on environmental sustainability can also be driven by the goal of achieving environmental standards demanded by the EU (water and air quality, waste management).

- For instance, the emphasis on the environmental pillar in the conceptualisation of SD in the **Czech Republic** NSRF was based on several factors. First, the need to address EU regulations and meet obligations in the sphere of environment protection (relating especially to construction of sewerage plants) was influential. Second, emphasis on environmental issues stemmed from the development needs of the Czech Republic (e.g. the necessity to eliminate old ecological burdens or revitalize brownfield sites). Third, for practical reasons, it was deemed necessary to focus on a particular pillar, rather than attempting to define and implement one effective strategy for all of three.
- In **Poland**, the NSRF places significant weight on the environmental component of SD, highlighting the main challenges in terms of ensuring the quality of the natural environment, preserving areas of high natural and scenic value and minimising the negative influence of transport investment, natural disasters and technological breakdowns. In the **Śląskie** ROP, the barriers to sustainable development highlighted include a polluted environment, congested transportation routes, and

devastated urban areas in which social and economic problems accumulate or in which educational and health care infrastructure is highly devastated and old.

A third group of Member States have significant though declining levels of funding and a mixture of Regional Competitiveness & Employment and Convergence programmes. Here, NSRFs and OPs have a commitment to Lisbon/Gothenburg, accompanied by continued support for basic infrastructure and generic business investment and employment measures. In terms of sustainable development, there is a focus on environmental sustainability, combining basic environmental needs (e.g. investment in environmental infrastructure, rehabilitation of physical environment) and more advanced investment in sustainable energy and transport.

For instance, the **Portuguese** NSRF aims to support SD through: promoting a more sustainable use of resources and reducing environmental impacts; improving energy efficiency; improving territorial planning and the efficiency of planning instruments; promoting a polycentric urban system and the growing integration of the cities and country into supranational areas; and, improving transport systems.

In general, it can be concluded that SD is on the agenda in programme documents across the EU. In keeping with guidance from the Commission and a broad convergence of national policy approaches dealing with the issue, NSRFs and OPs include SD in their policy goals and strategic objectives. Within this general statement, however, there is considerable variation in the conceptualisation of the term, resulting from different programming environments and domestic policy contexts.

Some documents draw on domestic, EU and international strategies to develop an inclusive multi-stranded interpretation of sustainability along the lines suggested by EU guidance. Where SD is a relatively new policy area, or where the priority attached to SD in Cohesion policy programmes compared to other issues is limited, NSRFs and OPs devote less space to setting out their interpretation of SD and define the issue mainly through citing other strategies. Other documents set out a narrow conceptualisation of SD, for practical reasons focusing on a particular component (usually environmental sustainability).

The following section takes a more detailed look at how considerations related to sustainable development and the environment have been reflected in specific priorities and interventions in the NSRFs and OPs.

5. WHAT IS BEING ASSISTED? PRIORITIES & INTERVENTIONS

Sustainable development and the Community goal of protecting and improving the environment is included as a principle of assistance within the regulatory framework for EU Cohesion policy and this must be accordingly reflected in the thematic and territorial priorities included in the NSRF and OP strategies. Reflecting the predominantly environmental sustainability orientation of strategic objectives, this section reviews how IQ-Net partners are implementing these objectives by examining five main investment areas with direct relevance to the environment (and SD more broadly): sustainable energy; environmental protection and risk management; bio-diversity, nature protection and natural assets; sustainable transport; and sustainable urban development.²⁴

5.1 Sustainable energy

The issue of climate change has risen rapidly up the policy agenda as one of the most serious challenges faced at the global level and is at the heart of sustainable development. While the causes of climate change are complex and multi-faceted, energy consumption and greenhouse gas emissions are important factors. Within the context of Cohesion policy, the importance of the energy challenge is clearly reflected in the Community Strategic Guidelines. To 'address Europe's intensive use of traditional energy sources', Guideline 1.1.3 proposes that Cohesion policy investments should aim to improve energy efficiency and promote the use of renewable energies so as to contribute to long-term EU energy security, the stimulation of innovation and economic activity, as well as offering significant potential for efficiency savings.

In reviewing IQ-Net partner NSRFs, it can be seen that most countries have identified increasing energy efficiency and the promotion of renewable energies as important priorities for the 2007-2013 period (see also Annex), often within the context of broader strategic priorities on the environment or business development and innovation. The main focus and goals of these priorities are reducing energy consumption, promoting renewable energies, increasing energy efficiency, promoting energy-related innovation and management systems, and increasing public/private sector awareness of the need for energy management.

The clearest commitment to energy investments in financial terms can be seen in the NSRF of Italy, where a significant share of ERDF resources has been allocated to investments in efficient and renewable energy sources, eight percent for the Convergence regions and 12 percent for the RCE regions. The main strategic priorities of relevance are P3 'Energy and the environment' and, to a lesser extent, P2 'Promotion, development and diffusion of research and innovation', which include interventions to support the promotion of renewable energies, energy efficiency and management, public awareness and involvement, targeted research and eco-innovation.

²⁴ This section is based on a review of IQ-Net partner NSRFs (see also Annex) and OPs. The categories of expenditure data at programme level is drawn from the indicative allocations provided to the Commission in the formal OP submissions (excluding ESF allocations).

In other countries, the importance attached to energy is mainly reflected through thematic priorities rather than explicit financial commitments.²⁵

- In the case of **Austria**, ‘energy saving and renewable energies’ is the title of one of the five strategic action fields under Priority 2 (‘Develop attractive regions and competitive enterprise locations’). The key aims are to strengthen the use of renewable energy sources and to increase resource and energy efficiency, with a view to improving competitiveness internationally and in order to contribute towards the attainment of Kyoto targets.
- The importance of renewable energy sources and energy efficiency in the attainment of international competitiveness is also highlighted in **Finland’s** NSRF. Under the ‘business promotion’ Priority, which supports the development and use of renewable energy sources and innovations linked to energy efficiency, it is noted that Finland has the potential to excel in the supply of environmental and energy-related technologies (particularly in the fields of wind power and biomass) as well as in testing and product development activities.

The business and growth dimensions of energy-related activities are also prominent in several other countries.

- In **France**, the RCE Priority of ‘Support for enterprises under the territorial development measures’ promotes research by centres of excellence on new technologies, energy efficiency and renewable energies.
- In **Germany**, the Convergence Priority of ‘Business competitiveness’ and the RCE Priority on ‘Knowledge-based, innovation oriented development’ have set goals to increase environmental innovation and optimise energy and resource efficiency. Both Convergence and RCE Objectives offer support for increased use of renewable energies, with a particular focus on the manufacturing sector in the case of the RCE Objective.
- A key NSRF guideline in **Sweden** is to exploit the opportunity created by the shift to a more sustainable energy system as a driving force for developing technology, products and services.

In countries eligible for sizeable amounts of Convergence funding, the energy-related thematic objectives (and broader environmental themes) are often integrated with transport objectives and priorities:

- In **Poland**, the strategic priority of infrastructure (‘Establishment and modernisation of technical and social infrastructure’) contains several goals relating to the energy sector, including: to support the diversification of energy sources; to increase the share of renewable energies; and to limit negative pressure of the energy industry

²⁵ Although some NSRFs do provide ‘indicative’ lists of earmarked categories of expenditure, including in relation to the energy priority theme (i.e. categories of expenditure 33-43) (e.g. Poland, Spain).

on the natural environment by reducing pollution at source and increasing the efficiency of use.

- Similarly, in the **Czech Republic**, the energy theme is addressed through a priority on the transport and environmental sectors (P3 Attractive environment), including measures that aim to reduce energy consumption, maximize energy efficiency and increase awareness of the need for energy management.

The geo-strategic relevance of the energy sector is highlighted prominently in the NSRF of **Greece**. Interventions will focus on the goal of increased international integration in the electricity, oil and gas transport networks, as well as reducing oil dependence in an environmentally friendly way through the promotion of renewable energy sources, improving energy efficiency and the promotion of energy saving measures, R&D in innovative energy technologies, and the rational management of fossil fuels.

Different to most other IQ-Net partner countries, energy interventions in **Portugal** are primarily integrated within the NSRFs 'territorial' strategic priority ('Ensuring the qualification of the cities and the territory'), which includes a sub-priority on the promotion of renewable energies, although there will also be scope for the promotion of energy efficiency in firms through the business incentive schemes under the NSRFs strategic priority on 'sustained growth' (or the so-called 'economic competitiveness' thematic agenda). A territorial dimension is also evident in **Sweden**, where the NSRF proposes cooperation between the Övre Norrland and Mellersta Norrland Structural Funds programmes on the theme of renewable energy.

The priority attached to sustainable energy in the Community Strategic Guidelines and NSRFs has led to a significant boost in the financial allocations to renewable energies and energy efficiency in the 2007-2013 Operational Programmes (see Figure 2). Commission data indicate that these investments will account for some €9bn (or 2.5 percent) of total EU Cohesion policy expenditure.²⁶ In comparison to the 2000-2006 period, this represents a five-fold increase under the Convergence objective and seven times higher under the RCE objective.²⁷ Of particular relevance to SD, is the far greater emphasis given to energy management, which was virtually non-existent in the 2000-2006 OPs.²⁸

Energy efficiency and renewable energies feature prominently in most IQ-Net countries/regions. In RCE programmes, for instance, the weight attached to this priority is considerably above the EU average. A particularly strong drive can be seen in **Länsi-Suomi**, where 12.5 percent of total programme funding has been allocated to renewable energy and energy efficiency investments. This funding is mainly being channeled through the Priority axis on 'Promotion of businesses' which includes a sub-objective on the

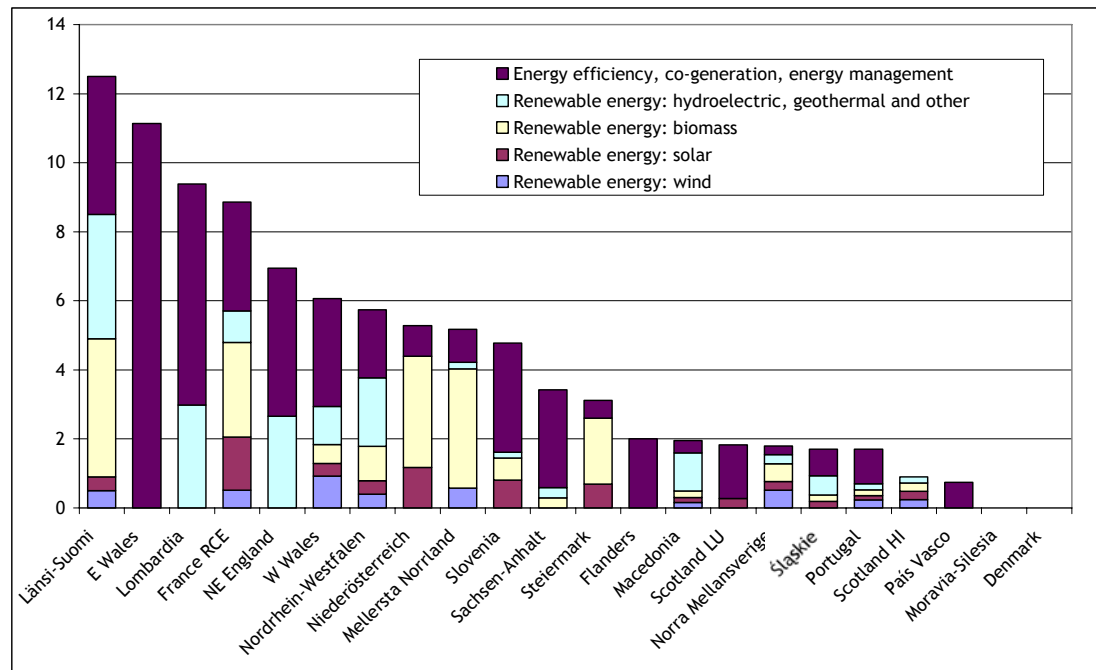
²⁶ COM (2008) *op.cit.*

²⁷ Speech by Commissioner Danuta Hübner, *Cohesion policy and sustainable, competitive and secure energy*, Bari, 24 January 2008

²⁸ European Parliament (2007) *Using Sustainable and Renewable Energies in the Context of the Structural Policy 2007-2013*, DG for Internal Policies of the EU, Policy Department Structural and Cohesion Policies, Brussels.

reinforcement of knowledge in the energy sector through activities to promote the use of renewable energy sources.

Figure 2: Indicative allocations to renewable energies and energy efficiency, 2007-13 (percent)



Support for investments in renewable energies and energy efficiency is also high in **East Wales** (11 percent), **Lombardia** and **France (RCE)** (nine percent in both). As noted previously, the effort made in **Lombardia** is replicated across the whole of **Italy**, which has seen a fourfold increase in the share of resource allocated to this type of expenditure compared to the 2000-2006 period. All of the Italian programmes dedicate a priority to sustainable energy, and a specific national OP has been set up for the Convergence regions (Calabria, Campania, Puglia and Sicily).²⁹

In another group of IQ-Net programmes, the share of OP funding devoted to renewable energies and energy efficiency ranges between three and seven percent - **North East England** (7 percent), **West Wales** (6.1 percent), **Nordrhein-Westfalen** (5.7 percent), **Niederösterreich** (5.3 percent), **Mellersta Norrland** (5.2 percent) and **Slovenia** (4.8 percent). In the remaining programmes, the range is between one and three percent. The exceptions are **Denmark** and **Moravskoslezský**, where no funding has been allocated to either renewable energies or energy efficiency, reflecting the strong focus on R&D and innovation in the former case and the fact these investments are subsumed within a national OP in the **Czech Republic**. The **Czech Republic's** 'Environment' OP has a Priority axis dedicated to 'Sustainable use of energy sources' with a funding allocation of more than €790m (around 15 percent of the programme's funding) for the (re)construction of facilities which aim to increase the use of renewable energy sources for heat generation, electricity

²⁹ COM (2008) *op.cit.*

generation and for combined heat and electricity generation. The **Czech Republic** is among the leading EU countries in terms of expenditure earmarked for renewable energy.³⁰

The distribution of funding between the two forms of energy support across IQ-Net programmes is fairly evenly split, with around half attaching greater weight to energy efficiency and the other half to renewable energies. In the cases of **East Wales**, **Vlaanderen** and **País Vasco**, the focus is exclusively on energy efficiency, co-generation and management. With respect to the mix of renewable energies, there tends to be less emphasis on wind across programmes than on biomass, hydroelectric, geothermal and other renewable energies.

Lastly, it is worth noting that renewable energies and energy efficiency will also be promoted through R&D and innovation activities that are not necessarily captured under the above categories of expenditure. In **Länsi-Suomi**, for instances, Priority axis 2 (promotion of innovation and networking and reinforcement of knowledge structures) offers support for the promotion of research on renewable energy sources, potentially through the so-called Centre of Expertise Programme's energy cluster within the framework of Finland's regional innovation policy. Similarly, in the **Lowland and Uplands** programme of Scotland, support is being provided for significant projects that will underpin research and innovation in the region's key sectors (e.g. aerospace, chemicals, digital media, electronics, life sciences, and micro- and opto-metrics) with a particular emphasis on renewable energy.

5.2 Environmental protection and risk management

The environment represents another key investment area for mitigating the effects of climate change and is a key pillar of sustainable development. Within the strategic framework for EU Cohesion policy in 2007-2013, the environment/sustainable development linkage is clearly reflected in Community Strategic Guideline 1.1.2, which aims to 'strengthen the synergies between environmental protection and growth.' According to the guidelines, environmental protection investments can make an important contribution to growth by reducing external environmental costs, stimulating innovation and job creation, and facilitating sustainable economic growth.

As noted, the environment had already featured strongly in Cohesion policy programmes in previous periods. This continues to hold true in 2007-2013, with most NSRFs and operational programmes emphasising the environmental dimension through specific horizontal principles as well as under key thematic strategic priorities and goals (see also Annex). In quantitative terms, the Commission's analysis of the approved operational programmes has estimated that around 15 percent of total Cohesion policy expenditure has been allocated

³⁰ *Cohesion policy and energy challenge: boosting results in EU regions*, IP press release, IP/08/267, 20 February 2008, Brussels

to the priority theme of 'environmental protection and risk prevention',³¹ up from five percent in 2000-2006.³²

The types of priorities and interventions planned in the NSRFs and OPs on the environmental theme are diverse, although in broad terms the main categories supported relate to the promotion of environmental management of natural resources, the promotion of clean water supplies, developing waste and waste-water treatment infrastructure, the decontamination of land and protection against environmental risks.

Priorities and interventions relating to air, water and noise quality are clearly identified in several NSRFs.

- In the **Czech Republic**, the measures under the goal of 'protection and improvement of the quality of the environment' focus on improving air quality (in particular reducing the exposure of inhabitants to emissions and noise) and on promoting environmentally friendly water management.
- In **Germany**, the NSRF goal of 'sustainable regional development' includes measures aimed at good environmental conditions, particularly for water, air and noise quality.
- In **Greece**, a sub-objective of 'assuring and maintaining air and noise quality' aims to reduce gas and particle emissions from industry, to reduce the noise levels in urban centres and in areas sensitive to noise or in areas of special interest, and to support the management of radiation emitting sources.

Measures for the management, treatment and distribution of drinking and waste water or solid waste are more prominent in countries with significant Convergence funding. This reflects the basic heavy environmental infrastructure needs in these countries and the priority attached to these types of interventions under the Convergence objective's priorities for intervention.

- In the case of **Poland**, the strategic priority of infrastructure supports waste projects to assure efficient and effective systems of disposal and treatment of sewage and measures to reduce the percentage of municipal waste dumping. With regard to water, the emphasis is on the supply side by seeking to ensure an appropriate volume of water resources in accordance with the needs of the population and economy and on counteracting serious breakdowns.
- Similarly, the main thrust of **Spain's** so-called A.G.U.A (Interventions for the Management and Use of Water) Plan is to ensure sufficient water supply, particularly for the Mediterranean regions, through the construction of desalination

³¹ COM (2008) *op.cit.*

³² Speech by Commissioner Danuta Hübner, 'Regions and cities as engines for sustainable development', Brussels, 13 June 2007.

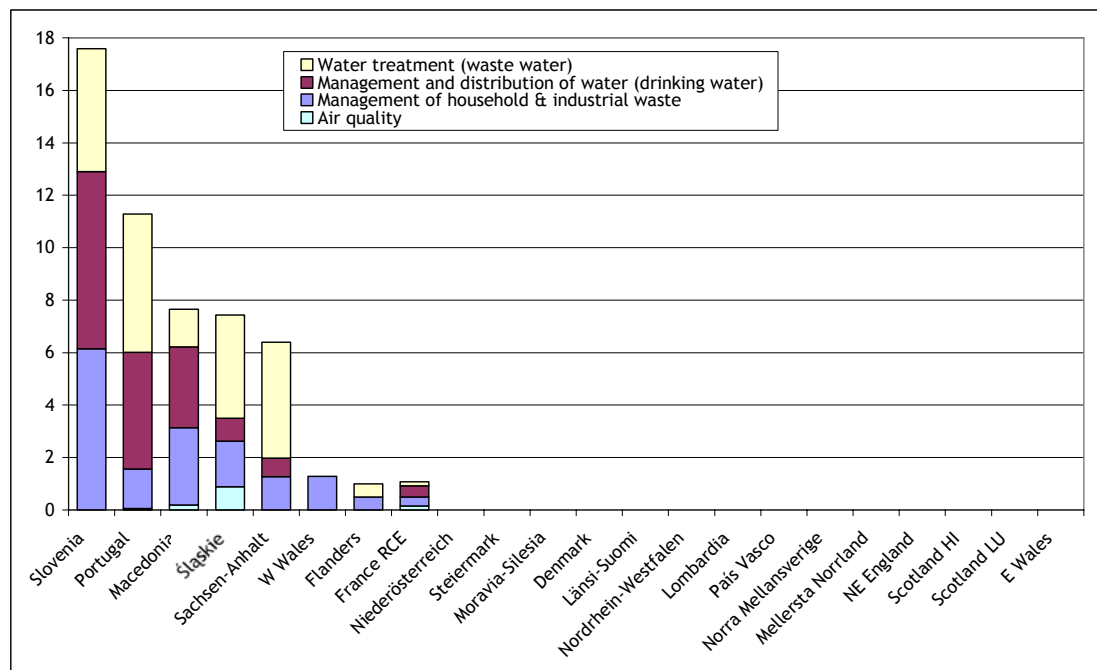
plants and improvements of the existing infrastructure, as well as a more rational use of water resources on the demand side. In terms of waste interventions, a key difference from the previous period in Spain is that the reuse of treated sewage will receive more attention. While standard measures for waste treatment infrastructure continue to be funded in Convergence regions, support under the RCE Objective aim at risk prevention or include new technologies and good practices which minimize the environmental impact of human activity.

- The NSRF of **Greece** notes that greater priority will be given to the integrated management of solid and dangerous wastes. The management of water resources will also be supported in order to improve the standards of aquatic systems, to prevent the degradation of surface, underground and sea water systems and to manage water resources in a sustainable way. In particular, municipal waste water interventions will focus on securing good quality drinking water in sufficient quantities and on maintaining the quality of swimming water, in accordance with EU directives.

Looking in more detail at the indicative financial allocations identified in IQ-Net partner operational programmes (see Figure 3), it can be seen that the strongest emphasis on direct environmental investments relating to waste and water is in **Slovenia** (18 percent) and **Portugal** (11 percent).

- In **Slovenia**, over half the funding of the ‘Development of environment and transport infrastructure’ OP is allocated to two Priority axes on ‘Municipal waste management’ and ‘Environment protection (water sector)’. The first priority focuses on the building of regional centres for waste management and the technological modernisation of existing ones, and the second on the construction of waste water treatment plants, the installation of the main water supply systems and long-term protection of existing and potential drinking water sources.
- In **Portugal**, most ROPs provide support for waste and water investments, particularly on the islands of the Azores and Madeira (more than ten percent of their respective programme allocations). However, the most investment in the domains of waste and water will be delivered through the national OP Territorial Development. Approximately one quarter of the programme’s funding will support a range of measures within the framework of two key national plans: the Strategic Plan for Water Supply and Waste Water Treatment (PEAASAR) and the Strategic Plan for Urban Solid Waste (PERSU II).

Figure 3: Indicative allocations to water and waste interventions and air quality, 2007-13 (percent)



The Convergence OPs of **Sachsen-Anhalt**, **Śląskie**, **Kentriki Makedonia** also plan substantial investment in water and waste interventions. In the cases of **Śląskie** and **Kentriki Makedonia**, larger national OPs also intervene in these investment areas. In **Greece**, for instance, the national OP ‘Environment and Sustainable Development’ has a Priority axis on the ‘protection and management of water resources’ with an allocation of €989m (or 45 percent of the programme’s resources). The priority includes measures to protect the quality of water discharges (in accordance with the EU’s urban waste water directive) and to provide sufficient and quality water to large agglomerations and tourist areas. In addition, an ERDF-funded Priority on ‘Water resources management’ with an allocation of €40m aims to promote the rational and sustainable management of water resources through, for instance, support for monitoring programmes, basin management plans and for ensuring effective implementation and follow up. In the domain of waste management and treatment, a specific Priority on ‘solid waste & protection of soil’ (€179.4m) supports the implementation of Regional Solid Waste Management Plans which foresees a mix of policy measures to reduce waste production, encourage reuse and recycling, and proceed with an integrated management and safe disposal of the biodegradable waste into landfills.

Beyond these basic investments in the waste and water domains, a broader range of activities are covered in the NSRFs and OPs within the scope of the environmental protection and risk prevention priority identified in the legislative framework for EU Cohesion policy. Risk prevention priorities and interventions are given strong emphasis in several IQ-Net partner NSRFs.

- In **Austria**, the strategic action fields on ‘Risk prevention and management’ under Priority 2 (‘Develop attractive regions and competitive enterprise locations’) aim to

improve knowledge about natural hazards and to develop risk prevention management for new risk-levels. This reflects the particularly acute risk of natural hazards through flooding, landslides and avalanches in Austria due to the high proportion of Alpine regions, as witnessed recently in the flood disasters of 2002 and 2005.

- The implementation of risk preventions measures in **Germany** also focuses on flood control, as part of the NSRFs strategic goal on ‘Enhancing the appeal of regions for investors and inhabitants through sustainable regional development.’
- In **Greece**, on the other hand, forest fires have been a particularly severe natural disaster. The central aim of the NSRF’s sub-objective on risk prevention is to create an integrated national network of civil protection against natural and technological disasters by supporting the coordinated upgrading of Civil Protection Services at the operational and organisational levels, the development of civil protection infrastructure and the enhancement and modernisation of mechanisms, tools and equipment.

As with the energy sector, the business dimension features strongly in the area of environmental protection.

- In **France**, the business development priority in RCE regions offers support for non-polluting technologies, environmental protection and management practices.
- Similarly, the Priority for the ‘Competitiveness of the productive system and employment’ in **Italy**’s NSRF promotes targeted technology and product innovation, diffusion of environmental certification, and the prevention and mitigation of pollution derived from productive activity.
- In **Spain**, the NSRF’s strategic priority of ‘Business development and innovation’ presents eco-innovation as a key tool ‘to achieve sustainable development through the application of new techniques and technologies that are more respectful of the environment and the utilization of natural resources.’
- In the **United Kingdom**, the overarching strategic priority of environmental and community sustainability places particular emphasis on supporting innovation and adaptability in the use of natural resources and promoting low carbon energy efficiency.

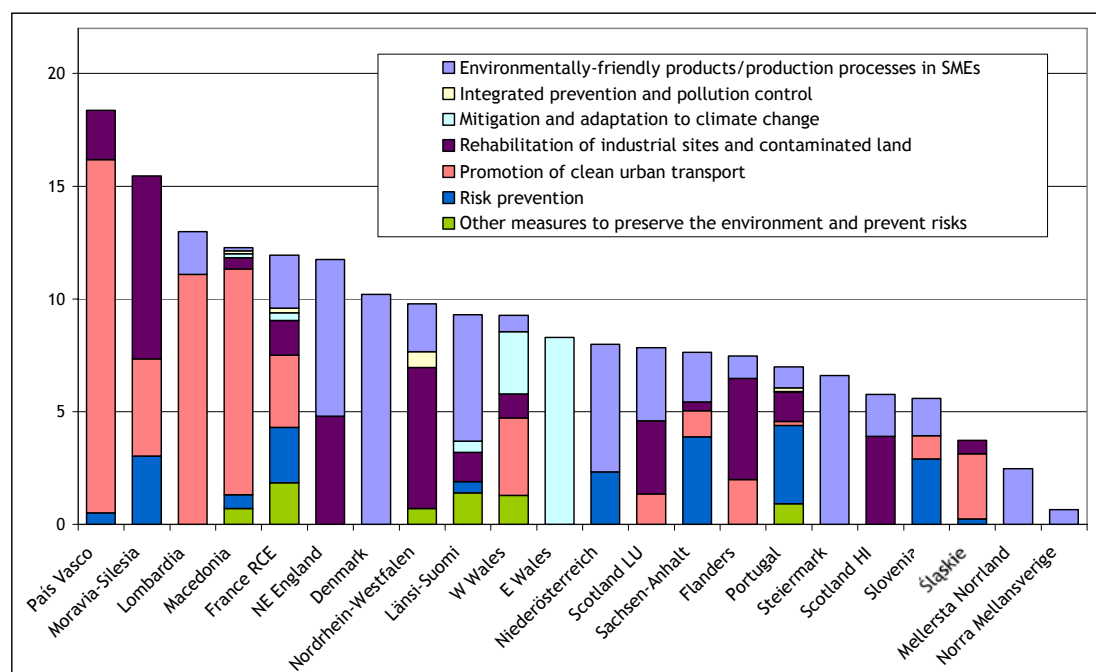
Also of note is the importance of the environmental theme within territorial cooperation priorities. This can be seen in the strategic priority of ‘cross-border cooperation’ in **Sweden** which highlights the potential for cooperation on environmental themes in the Baltic region, although the scope of the interventions is not specified. In **Austria** and **Greece**, both of the NSRFs cross-border/trans-national cooperation objectives emphasise cooperation on natural hazards and environmental risk management. In the specific domain of water management, the joint management of cross-border river basins is highlighted as an important area for cooperation in both **Greece** and **France**. In some other countries, inter-regional cooperation on the environment is emphasised. For instance, the NSRF of

France states that measures aimed at risk prevention will privilege activities which are undertaken through inter-regional cooperation, while the interregional programmes of Poland supports the enhancement of environmental protection and addressing threats.

More disaggregated information on the planned investments and financial allocations to the environmental protection and risk prevention theme is available in the OPs (Figure 4). In some IQ-Net programmes, as much as ten1 percent of programme funding is being allocated to these categories (País Vasco, Moravskoslezský, Lombardia, Kentriki Makedonia, France (RCE), North East England, Denmark), although in the majority of programmes the range is in the order of 5-10 percent of total funding (e.g. Nordrhein-Westfalen, Länsi-Suomi, West Wales, East Wales, Niederösterreich, Scotland Lowlands & Uplands, Sachsen-Anhalt, Vlaanderen, Portugal, Steiermark, Scotland Highlands & Islands, Slovenia).

Although the expenditure mix across the different categories varies among IQ-Net partner programmes, it can be seen that the most commonly funded investments are in four main areas. The most widely supported category of expenditure is assistance to SMEs for environmentally-friendly products and production processes, with the highest shares in Denmark (10.2 percent), North East England (7 percent) and Steiermark (6.6 percent). In North East England, for instance, energy efficiency will be a dimension of the support with environmental management offered to all beneficiary businesses under the Priority axis on ‘Business growth and enterprise.’

Figure 4: Indicative allocations to environmental protection and risk prevention, 2007-13 (percent)



A second category of expenditure in a large number of programmes is the rehabilitation of industrial sites and contaminated land. The highest shares of programme allocations in this domain can be seen in Moravskoslezský (8.1 percent) and Nordrhein-Westfalen (6.2 percent).

- In **Moravskoslezský**, support for brownfield regeneration is one of the main areas of intervention under the Priority axis on ‘Support for the Prosperity of the Region’ and also a key element of the ‘Urban Development’ priority. Amongst the activities supported are: the establishment of a revolving fund for brownfield regeneration, site acquisition and transport access, project preparation, demolition of obsolete facilities and site clearance, site decontamination and education in the area of brownfield regeneration for municipalities, public sector bodies and citizens.
- In **Nordrhein-Westfalen**, the Priority of ‘Sustainable urban and regional development’ provides funding to clean up and improve landscape quality in old industrial areas under a specific measure. Of particular note is a major project called the Ecological Programme for the Emscher Lippe area (*Ökologieprogramm Emscher Lippe - ÖPEL*) which covers a number of sub-projects and focuses on land reclamation and ‘greening’ of land in the former heavily industrialized area of the Emscher Lippe in the northern Ruhr. The Managing Authority regards ÖPEL as a significant contribution to sustainable development goals with clear positive environmental effects and providing a counterbalance to some other interventions which may have net negative effects on the environment.

The promotion of clean transport is another type of intervention in the majority of programmes, with particularly high financial allocations in the ROPs of the **País Vasco** (over 15 percent), **Lombardia** (11.1 percent) and **Kentriki Makedonia** (10 percent). In the Basque case, the focus is on the promotion of ‘green’ public transport vehicles, particularly in areas facing environmental, congestion and mobility challenges. Tram and metro transport modes are mentioned as providing important potential areas for activity.

Risk prevention also features in the planned investments of most IQ-Net programmes, although the financial allocations tend to be under 3.5 percent of programme funding (e.g. **Moravskoslezský**, **Portugal**, **France**, **Niederösterreich**). In most programmes, these investments are subsumed within priority axes dealing with a range of environmental themes. In **Greece** and **Portugal**, however, specific priority axes have been set up to address this theme under national OPs with substantial shares of funding (around ten percent in Portugal and 20 percent in Greece). In both cases, these priorities include actions to protect the coast against erosion, to prevent desertification, floods and forest fires, as well as to support the implementation of national systems for the prevention, warning and management of natural and technological risks.

5.3 Bio-diversity, nature protection and natural assets

Nature protection and bio-diversity are important components of the environmental protection theme discussed above. Their promotion is considered to encourage the sustainable use of natural resources and thereby contribute to the Community Strategic Guideline on the strengthening of the synergies between environmental protection and growth. It is also an area of support closely linked to the priorities of the European Agricultural Fund for Rural Development (EAFRD), notably the axis on ‘land management

and environment' of the strategic guidelines for rural development which recommend measures to protect and enhance natural resources.³³

At a general level, support under this priority theme of Cohesion policy expenditure includes actions to preserve natural and cultural assets and actions to protect habitats and support biodiversity (including in Natura 2000 sites). Specific interventions identified in IQ-Net country NSRFs reveal a broad range of supported measures (see also Annex).

- These include the promotion of development processes for protected areas (**Poland**), such as integrated environmental planning and management (**Austria, Greece, Italy**) or providing environmental certification for firms located in protected sites (**Italy**); the construction of centres for the breeding of highly endangered species or for the conservation of genetic flora material (**Spain**); and support for the monitoring of species and fauna (**France**), such as marine life (**Spain**).
- Interventions aimed at restoring or improving the conditions of threatened and endangered species' habitats (**Greece, Poland, Spain**) include 'correcting infrastructures' that endanger protected bird species (**Spain**) or the preservation of ecological 'corridors' (**Poland**).
- Other types of planned interventions which aim to limit the degradation of the natural environment and losses of biological resources are educational and awareness raising measures, such as the construction of environmental educational centres in Natura 2000 sites (**Spain**) or public information campaigns on environmental challenges (**France, Poland**).

Support for Natura 2000 sites is not a strong priority in all NSRFs, largely because interventions in these areas will be funded through the EARDF which has been separated from the Structural Funds. In the **United Kingdom**, the principal mechanism for supporting Natura 2000 will be the agri-environment schemes included under the Rural Development Programmes, although the NSRF does state that there will be scope for supporting projects involving Natura 2000 sites where there are clear socio-economic benefits. In other countries there is a much stronger commitment in the NSRFs to supporting Natura 2000 sites, notably in **Greece** and **Spain**. In **Greece**, most of the environmental interventions in Natura 2000 sites will be funded by the ERDF, apart from some specific interventions in the water domain (namely, irrigation actions), which will be supported by the EARDF. In **Spain**, the NSRF's commitment to the Natura 2000 network is reflected in earmarking of €300m of ERDF funding for interventions in these areas. Support for the development of Natura 2000 sites also features within the strategic goals and priorities of the NSRFs of **France, Germany, Italy** and **Finland**.

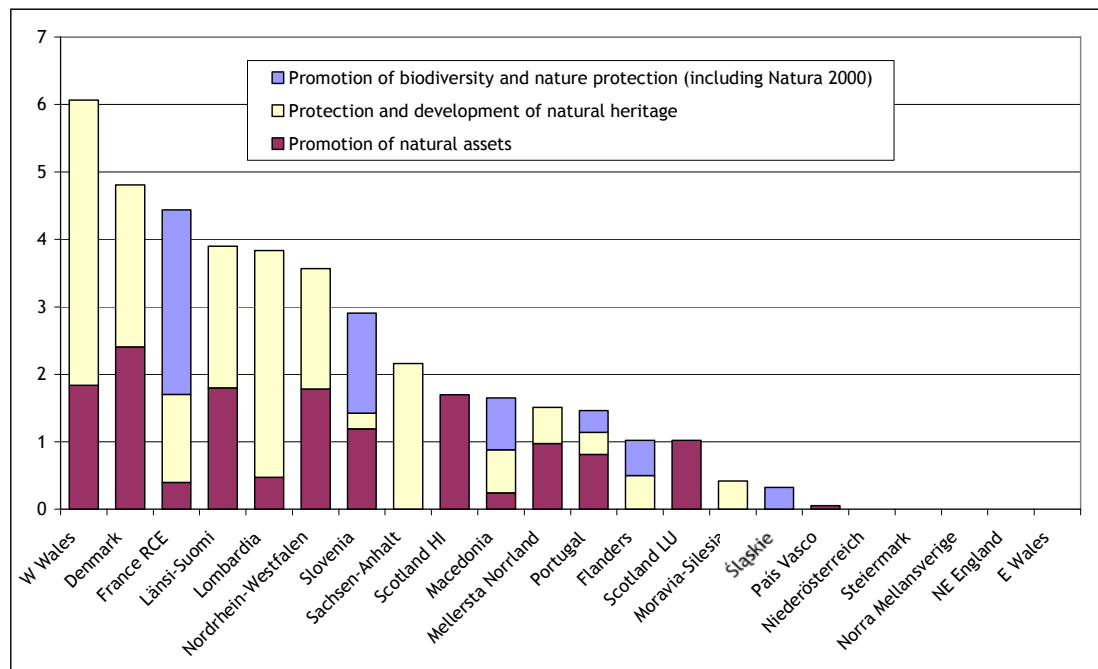
As noted, the interventions reviewed above are typically subsumed within strategic priorities and goals relating to the protection of the environment natural resources. A close

³³ Council Decision of 20 February 2006 on Community strategic guidelines for rural development (programme period 2007 to 2013), OJ L 55, 25.2.2006, p. 20-29

association can also be found with the tourism or cultural sectors in several countries. In **Sweden**, for instance, the tourism sector is seen as providing an important contribution to sustainable development in this respect, particularly in sparsely populated and rural areas where there is high natural and cultural value. In **Finland**, the aim of regional attractiveness and the promotion of tourism under Priority 4 ('Improving regional accessibility and business environment') underlines the importance of improving and diversifying the country's natural and cultural assets through the promotion of protected nature zones and Natura 2000 sites. Similarly, in **Italy**, the interventions to promote biodiversity and nature protection are part of broader strategic Priority on the 'Promotion of natural and cultural resources' which are mainly focused on supporting the diversification of tourism and extending the tourist season.

Turning to the OPs, Commission figures for the whole of the EU indicate that €5.2bn has been allocated to the promotion of biodiversity and nature (Natura 2000), the promotion of natural assets and the protection and development of natural heritage (or 1.5 percent of total funding).³⁴ In IQ-Net programmes, the priority given to these categories is varied (see Figure 5). The promotion of biodiversity and nature is only planned in a minority of IQ-Net partner programmes and accounts for relatively small shares of total programme funding. Outside the **French** Operational Programmes, which have allocated 2.7 percent of total ERDF funding to this category, the indicative allocations are below the EU average - **Slovenia** (1.5 percent), **Kentriki Makedonia** (0.8 percent), **Vlaanderen** (0.5 percent), **Portugal** and **Śląskie** (0.3 percent).

Figure 5: Indicative allocations biodiversity nature and natural resources protection, 2007-13 (percent)



³⁴ Speech by Commissioner Danuta Hübner, *Cohesion Policy and Natura 2000: friends or foes?*, Seminar organised by ALDE (EP and CoR), Brussels, 16 April 2008

More widespread support is available under the expenditure categories of natural assets and protection and promotion of natural heritage, notably in the programmes of **West Wales** (6 percent) and **Denmark** (4.8 percent). As noted previously, these investments are often associated with tourism goals. For instance, in **West Wales**, the 'Environment for growth' theme under the Priority axis 'Creating an attractive business environment' promotes the enhancement and protection of the natural, built and heritage environment and increasing the economic potential of the environment. Allocated around one third of the priority's resources, the indicative activities include: enhancing and improving the attractiveness of existing, or the development of new, natural and man-made facilities, including the development of centres of excellence; physical infrastructure that will bring economic benefits such as marinas, cycling and walking trails (for recreation rather than for transport), as well as ancillary services and facilities; and developing the potential for sustainable recreation and economic activity linked to the natural environment.

5.4 Sustainable transport

Transport has been one of the main areas of expenditure under EU Cohesion policy in previous policy periods, particularly in the Cohesion countries. While transport investments provide an important contribution to economic growth, they can also exert high social and environmental pressures because of the strong dependence on fossil fuels, the contribution to congestion, the negative environmental impacts and the large areas of space occupied. To address these challenges, there is an increasing recognition at the EU-level of the need to adopt a sustainable development perspective in transport policies, as emphasised in the Commission's White Paper on Transport Policy or the EU's Sustainable Development Strategy.

For its part, the Cohesion policy's Community Strategic Guideline on expanding and improving transport infrastructures adopts 'environmental sustainability' as an underlying principle for interventions in 2007-2013, particularly by recommending a shift to more environmentally friendly modes of transport. The priority actions identified within the guideline include: projects of European interest located in Convergence Member States and regions (particularly cross-border links); investment in secondary connections; support for rail infrastructure with a focus on greater accessibility; promoting environmentally sustainable transport in and between urban areas; connecting landlocked, insular or outermost areas to the Trans-European Network (TEN-T) (with secondary links to TEN-T, and a focus on sustainability and intermodal transport); and developing the "motorways of the sea" concept.

The development of the TEN-T networks is a key EU priority, particularly the 30 TEN-T projects of European interest identified in Member States and regions eligible under the 'Convergence' objective (see also Annex). In **Greece**, a key sub-goal is to 'tackle the inconsistencies in the Trans-European Networks' by pursuing the completion of the country's Trans-European Road Network, notably the network of highways and the main connections to neighbouring countries, and the completion of the main rail axis (PATHEP). Similarly, the focus in **Spain** will be on the Trans European Transport Networks' (TEN-T) projects, both in terms of road and rail networks. In **Poland**, a key goal of the infrastructure strategic priority is to link major cities with road and rail connections on

TEN-T networks. The underlying aim is to provide links between Western Europe and the Baltic countries, as well as with Ukraine, Belarus and Russia, and also between the Scandinavian and Baltic region countries and countries of Central and Southern Europe.

Interventions to promote the strengthening of secondary links to TEN-T networks are more widespread across the whole EU territory as this is a priority for Convergence and RCE objectives within the scope of the ERDF regulation. In **Austria**, for instance, the NSRF notes that the central geographical position of the country in the EU means that the development of the TEN network is placed high on the agenda of transport policies, as is the need to provide direct links to these routes for some of its regions.

Strategic goals and interventions to support environmentally friendly and sustainable transport means are included in most NSRFs. In **Austria** and **Italy**, an important priority is to increase the share of railway and waterway transportation. In the Italian case, the NSRF notes that a minimum 70 percent of ERDF resources under the NOP on transport (entitled 'Networks and mobility') will be allocated for this purpose. The promotion of intermodal transport to relieve excessive reliance on roads is also emphasised in the NSRFs of the **Czech Republic, France, Germany, Spain, Poland** and **Portugal**.

- In **France**, a specific strategic priority under the RCE Objective aims to 'develop alternative transport modes for individuals and economic activities' through the promotion of collective urban transport modes as well as multimodal transport.
- In **Portugal**, the same end is being pursued through the development of light rail systems, the promotion of public transport use in urban areas and the development and modal integration of collective transport networks.

Transport and traffic management systems provide a means to alleviate traffic volume, congestion, noise and pollution.

- In **Finland**, Priority 4 (improving regional accessibility and business environment) provides support for improving transport logistics and efficiency in order to create 'ecologically and socially sustainable transport connections'.
- In **Sweden**, the NSRF emphasises the need for transport solutions which can satisfy the increasingly knowledge-based and logistical requirements for goods transportation and for advanced passenger transport.
- The **Austrian** NSRF recognises the high economic development potential for transport logistics and related services in the future, but that this must be exploited in an environmentally friendly way. In this context, a strategic action field on the 'development of public transport, infrastructure and networks' supports strategic and innovative planning and co-ordination measures to improve traffic routes, flows and logistic infrastructures with the aim of reducing environmental damage as well creating better access to regions in new member states.

- Similar measures are being implemented in **Poland** under the goal of developing an ‘environmentally balanced transport system’, including the introduction of integrated systems of road traffic management, the creation of integrated transport centres and support for integrated development plans for municipal transport and support for the use of Intelligent Transport Systems.
- There are also plans to develop integrated urban and intelligent transport systems in the **Czech Republic**.
- A more large-scale plan for transport and logistics is being pursued in **Portugal** with a view to improving national and international connectivity. More specifically, the ‘Portugal Logistics’ Plan aims to create a national network of 11 multimodal logistics platforms and 2 air freight centres in conjunction with processes that foster the territorial reorganisation of activities, that facilitate the flow of goods, promote intermodality by reinforcing the cheapest and most environmentally sustainable means of transport, and promote technological innovation in the running of the services.

As with the environmental theme, the territorial cooperation dimension of transport interventions is emphasised in the NSRFs of several Member States. In **Poland**, the infrastructure priority notes that transnational programmes will focus on issues of strategic relevance, such as balanced transport networks; while in **Austria**, cross-border and transnational co-operation under the strategic objective on territorial cooperation will cover the transport theme, amongst other areas. Lastly, in **Sweden**, the NSRF notes the need to work on transport themes in the Baltic region, with specific reference to the promotion of motorways of the sea initiatives.

Transport investments will continue to account for a high proportion of Cohesion policy expenditure in the 2007-2013 period, representing roughly one quarter of total funds across the EU (or 82 billion).³⁵ Much of this investment will be spent in Member States eligible for the Convergence Objective and the Cohesion Fund, particularly in the new Member States where important basic infrastructure deficits persist and represent key barriers to economic development and competitiveness. These countries and regions have prioritised the development of the Trans-European Transport Networks (TEN-T), which accounts for around half of all transport spending. With regards to the theme of sustainable development, a key trend is the considerable shift in funding towards sustainable forms of transport (e.g. rail, intermodal transport, urban public transport etc), which has seen a rise of more than 70 percent compared to 2000-2006 and now accounts for around €35bn of the Cohesion policy budget.

The priority attached to SD-related transport investment varies across IQ-Net partner countries and regions (see Figure 6). At one end of the scale, some partners have not

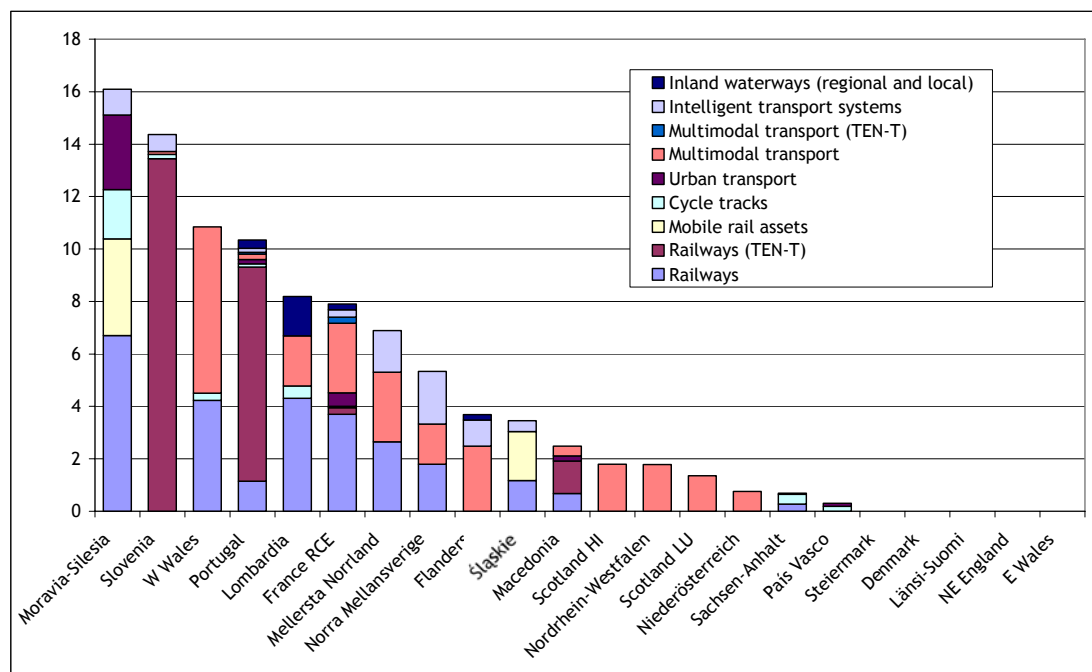
³⁵ CEC (2008) Communication from the Commission to the European Parliament, the Council, the European Economic And Social Committee and the Committee of the Regions on the results of the negotiations concerning Cohesion policy strategies and programmes for the programme period 2007-2013, COM(2008) 301/4, Brussels.

allocated any funding to these investments (**Steiermark, Denmark, Länsi-Suomi, North East England** and **East Wales**). At the other end, **Moravskoslezský** and **Slovenia** have allocated around 15 percent of programme funding to sustainable modes of transport.

Another group of programmes have allocated around 5-10 percent of funding to this theme, led by **West Wales** and **Portugal** (just over ten percent in both) and followed by **Lombardia** (8.2 percent), **France** (7.9 percent), **Mellersta Norrland** (6.9 percent) and **Norra Mellansverige** (5.3 percent). Elsewhere, less than 3.5 percent has been devoted to sustainable transport investments (**Niederösterreich, Nordrhein-Westfalen, Sachsen-Anhalt, País Vasco Lowland and Uplands**).

With respect to the different types of ‘sustainable’ transport, it can be seen that the most commonly funded area of support is multimodal transport, which is planned in half of the IQ-Net partners programmes, notably in **West Wales** (6 percent), and, to a lesser extent, in **Vlaanderen, France (RCE)** and **Mellersta Norrland** (around 2.5 percent), amongst others. Investment in intelligent transport systems also feature in most partner programmes, although the financial allocations are relatively low key (**Vlaanderen, Moravskoslezský, France, Sachsen-Anhalt, Portugal, Śląskie, Slovenia, Norra Mellansverige** and **Mellersta Norrland**). Other commonly programmed categories of expenditure with relatively low financial allocations are urban public transport and cycle tracks (e.g. **Moravskoslezský, France, Sachsen-Anhalt, Kentriki Makedonia, Lombardia, Portugal, País Vasco, Slovenia** and **West Wales**).

Figure 6: Indicative allocations to sustainable modes of transport, 2007-13 (percent)



Far more significant volumes of expenditure can be seen on railways, notably in the programmes of **Slovenia** (13 percent) and **Portugal** (over 8 percent) where the focus will be on the TEN-T network.

- In the case of **Slovenia**, the Convergence OP ‘Development of environment and transport infrastructure’ has a Priority axis on ‘Railway infrastructure’ to support investments for the modernisation and construction of new railways, accounting for around 30 percent of the programme’s funds.
- Similarly, in **Portugal**, the national thematic OP ‘Territorial Development’ has allocated a quarter of the programme’s resources to rail investments. A key objective is to construct a rail network that is interoperable with the TEN-T networks, e.g. through investments in the high speed rail links to Spain and Europe.
- Substantial rail investments can also be seen in the ROPs of **Moravskoslezský** (6.7 percent), **Lombardia** (4.3 percent), **West Wales** (4.2 percent) and **France (RCE)** (3.7 percent), although outside the TEN-T network.

Apart from these ‘sustainable’ modes of transport, it is worth noting that expenditure on roads continues to hold significant weight in some partner programmes, particularly under the Convergence objective. In the Greek ROP for **Kentriki Makedonia**, for instance, 20 percent of funding is being channelled into motorways (including TEN-T networks) and national, regional and local roads. In **Slovenia**, over 10 percent of funding is being allocated to motorways (in TEN-T networks) and national roads. Transport investments in regional or local roads account for even higher shares of the ROPs of **Śląskie** and **Moravskoslezský** (around 15 percent), and is also significant in some EU15 IQ-Net partner programmes, such as the Convergence ROPs of **Acores** (12 percent) and **Sachsen-Anhalt** (5 percent) as well as the **Lombardia RCE ROP** (7 percent).

5.5 Sustainable urban development

The urban dimension of Cohesion policy has become increasingly associated with a sustainable development perspective. The needs of urban areas and cities are given specific treatment under the territorial priorities of the Community Strategic Guidelines, which recognise that the environmental, economic and social dimensions are ‘strongly interlinked’ in urban areas. Moreover, the guidelines encourage an ‘integrated approach’ to urban development so that it encourages not only growth and jobs, but also the simultaneous pursuit of social and environmental objectives within a long-term and partnership-based planning approach.

Following the publication of the draft Community Strategic Guidelines, the Commission presented a Communication with more detailed guidance on the urban dimension in order to support programming authorities in developing this theme within the NSRFs and OPs.³⁶ It included specific recommendations for actions under the main themes for urban development covering issues such as accessibility and mobility, culture, innovation and R&D, actions for SMEs and micro enterprises, employment, social cohesion, governance and financial engineering.

³⁶ Communication from the Commission to the Council and Parliament (2006) *Cohesion Policy and cities: The Urban Contribution to Growth and Jobs in the Regions*, COM (2006) 385 final, Brussels.

Regulatory provisions on urban sustainable development are also included within the legislative framework for Cohesion policy. For instance, the preamble of the general regulation states that:

“In view of the importance of sustainable urban development and the contribution of towns and cities, particularly medium-sized ones, to regional development, greater account should be taken of them by developing their role in programming to promote urban regeneration.”

According to the general regulation, the NSRF and OP thematic and territorial priorities should include, where appropriate, actions for sustainable urban development. In its *aide-memoire*, the Commission has recommended that an urban ‘strategy’ be included in the NSRFs in line with national and regional development policies and potentially encompassing priorities defined at sub-city, city or regional level.³⁷ It also recommended the inclusion of a specific priority axis for sustainable urban development based on sound analysis of needs and opportunities in urban areas, which may focus on thematic and/or territorial priorities

All IQ-Net partner NSRFs and OPs address the urban dimension (see also Annex). However, the approaches vary with regards to the types of priority within which the urban issue is addressed, the nature of the urban strategy, the specific types of intervention proposed and the financial allocations.³⁸

One way to integrate the urban dimension into the NSRF is to include it as a horizontal principle so that it is addressed across all priorities and sectors. This is the approach followed in **Germany**, which includes sustainable urban development as a horizontal principle along with equal opportunities and the environment. However, the urban dimension seems to be more firmly articulated within specific priorities of the NSRF. For instance, under the Convergence priority on ‘infrastructure for sustainable growth’, support is provided for the implementation of sustainable urban development measures, particularly in problem urban areas, as well as ensuring the provision of services of public interest within the context of demographic change. Similarly, in the RCE regions, the urban dimension seems to be strongest under the Priority on ‘Reducing regional disparities and enhancing specific regional potential through sustainable development’ which provides support for ‘leveraging the inherent potential of urban and rural space, as well as border regions’.

In other cases, a specific strategic objective has been dedicated to local and urban development (e.g. Italy, Spain). For instance, the strategic priority on local and urban development in the NSRF of **Spain** aims ‘to raise competitiveness and achieve a more balanced development between the most economically advanced regions and the rest of the urban network through actions that combine economic development, job creation (that

³⁷ European Commission (2006) *Programme Period 2007-2013: Aide-Mémoire for the Desk Officers*, European Commission, Brussels

³⁸ See also: European Commission (2007) *The Territorial and Urban Dimension in the National Strategic Reference Frameworks and Operational Programmes (2007-2013): A first assessment*, Working paper of the services of the Directorate General for Regional Policy, European Commission, Brussels

respects the principle of gender equality), social inclusion, and environmental recovery and preservation.’

The local dimension of sustainable development can also be addressed as part of a broader thematic priority. In the **United Kingdom**, for instance, the overarching priority on Environmental and Community Sustainability includes both environmental interventions and local development initiatives. A particular focus is on the needs of deprived areas, helping to increase access to employment and public services and increase the attractiveness of areas suffering from severe social, economic and environmental degradation.

In most other IQ-Net countries/regions, the issue of sustainable urban development is integrated into the NSRF as part of a strategic territorial priority (Czech Republic, France, Poland, Portugal, Greece, Sweden).

- In the **Czech Republic**, a strategic priority of ‘Balanced territorial development’ promotes regional, urban and rural development (and a specific RCE strand for Prague), including measures to support integrated projects for urban regeneration, integrated urban development plans (relating to transport and/or environmental management in towns), brownfield redevelopment and measures to tackle social problems and regeneration of panel housing estates in urban areas.
- In **France**, the RCE objective has a strategic priority for the ‘Territorial dimension of cohesion and sustainable development’. Within this priority, two main policies relating to urban issues have been adopted: an urban development policy, which takes into account both sustainable urban development and the management and competitiveness of European cities on the global scale; and a policy targeting problem districts in order to integrate them into contemporary social, economic and urban dynamics.
- In **Portugal**, the NSRF has a strategic objective of ‘ensuring the development of the territory and the cities’ to pursue a coherent and diverse set of interventions to upgrade cities in physical, economic, socio-cultural and environmental terms. This includes integrated re-qualification and reinsertion actions in critical and peripheral neighborhoods, actions to regenerate and re-functionalize areas which have been abandoned or have become obsolete and integrated actions to economically enhance areas of distinctive urban value.
- In **Greece**, sustainable urban development is one of the three territorial priorities of the NSRF. The strategy targets urban centres and settlements with urban functions (e.g. prefecture capitals and the urban centres of rural areas) and involve a combination of the following elements and principles: polycentricity; the strengthening of networking between urban areas; improvement and development of infrastructure and reduction of urban sprawl; sustainable development of the cities (increased green areas and common areas, integrated infrastructure of urban facilities, urban renewal, networks of pedestrian and bicycle zones, reduction of household waste); tackling social problems in urban centres; and improving the data and information base regarding developments in urban centres.

- In **Poland**, the NSRF has a priority of ‘Increasing the competitiveness of Polish regions’ which aims to limit the high concentration of internal ecological problems in the largest urban centres; to develop the endogenous potential of major urban centres; and to address the marginalisation and peripheralisation of problem areas through regeneration measures and programmes, including the renovation of housing in degraded areas.
- In **Sweden**, the NSRF has a strong territorial dimension, with a particular emphasis on urban areas, and conditions in the northernmost sparsely populated areas of the country. The stated aim is to support the promotion of long-term sustainable growth and social cohesion in metropolitan regions and cities through, for instance, local development initiatives that aim to reduce the number of isolated urban areas and make them more attractive spaces.

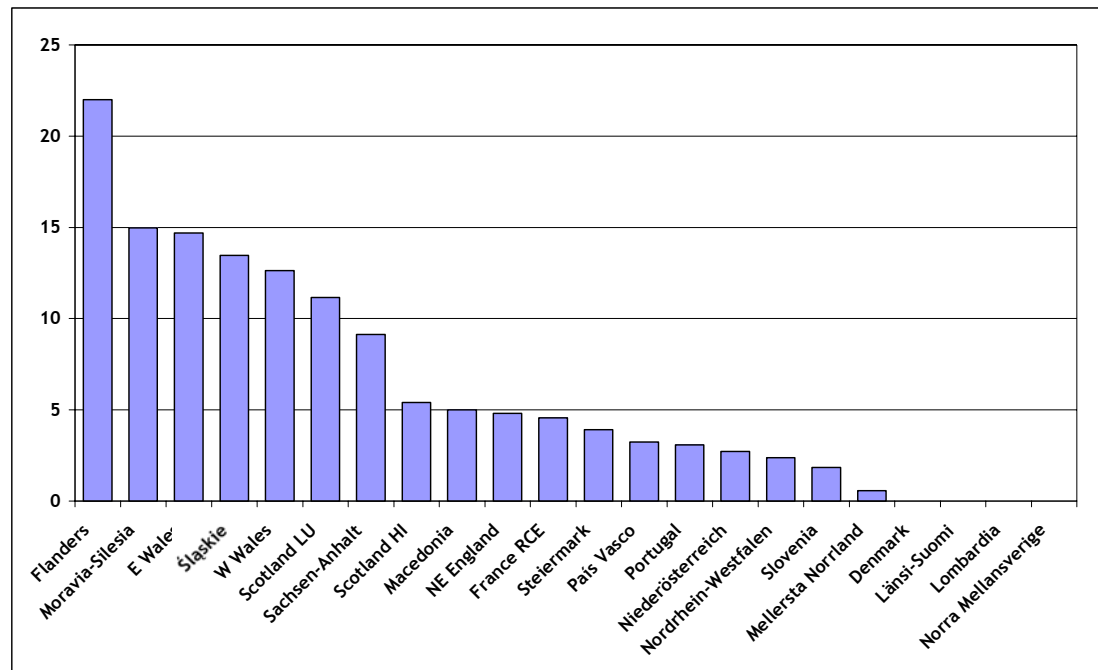
In other cases, no strategic priorities or objectives are specified for urban sustainable development in the NSRF, although urban issues are addressed (e.g. **Austria, Finland**). In **Austria**, the NSRF proposes interventions to ‘provide for a polycentric development with close ties between cities and their surroundings’ within a Priority on ‘Attractive regions and competitive business locations’. It is stated that this aim will be achieved through integrated and sustainable spatial development policies that employ spatial planning as well as innovation- and process-oriented instruments of regional development.

The urban dimension is also reflected in most IQ-Net partner OPs. Many programmes have included a specific priority axis on urban development, often with explicit recognition of the association with sustainable development. Integrated urban or rural regeneration projects, which address environmental, economic and social dimensions, account for significant shares of funding in a number of operational programmes (Figure 7). In **Vlaanderen**, for instance, more than one-fifth of the total programme allocation has been allocated to such projects. The programme includes a specific Priority of ‘Urban development’ which aims to make urban areas attractive for innovation and entrepreneurship, projects shall take into account public needs relating to living, working, shopping, green areas and social aspects. The programme notes that integrated projects can be developed in the following areas: strengthening of the economy, improvement of accessibility and internal mobility, improvement of life quality (notably regarding green space and air quality, sustainable use of resources and sustainable housing), and development of tourism and socio-cultural life.

Substantial programme allocations to integrated urban or rural regeneration projects can also be seen in the programmes of Moravskoslezský, East Wales (15 percent in both), Śląskie (13.5 percent), West Wales (12.6 percent) and Sachsen-Anhalt (9.1 percent). In **Moravskoslezský**, the priority axis on the ‘Development of cities’ includes a range of measures aimed at supporting urban sustainable development, such as the reconstruction of public places, modernization and reconstruction of civic amenities, regeneration of objects of cultural heritage, preparation of new developmental zones for public services, improvement of access of services for inhabitants living either in deprived urban areas, or in peripheral parts of cities. In order to be eligible for support, cities with more than 50,000 inhabitants are required to formulate integrated city development plans targeting

deprived areas (zones) with a concentration of negative phenomena (e.g. unemployment, criminality, social exclusion), areas of high potential growth and/or thematically defined areas of a city.

Figure 7: Indicative allocations to integrated urban/rural regeneration projects, 2007-13 (percent)



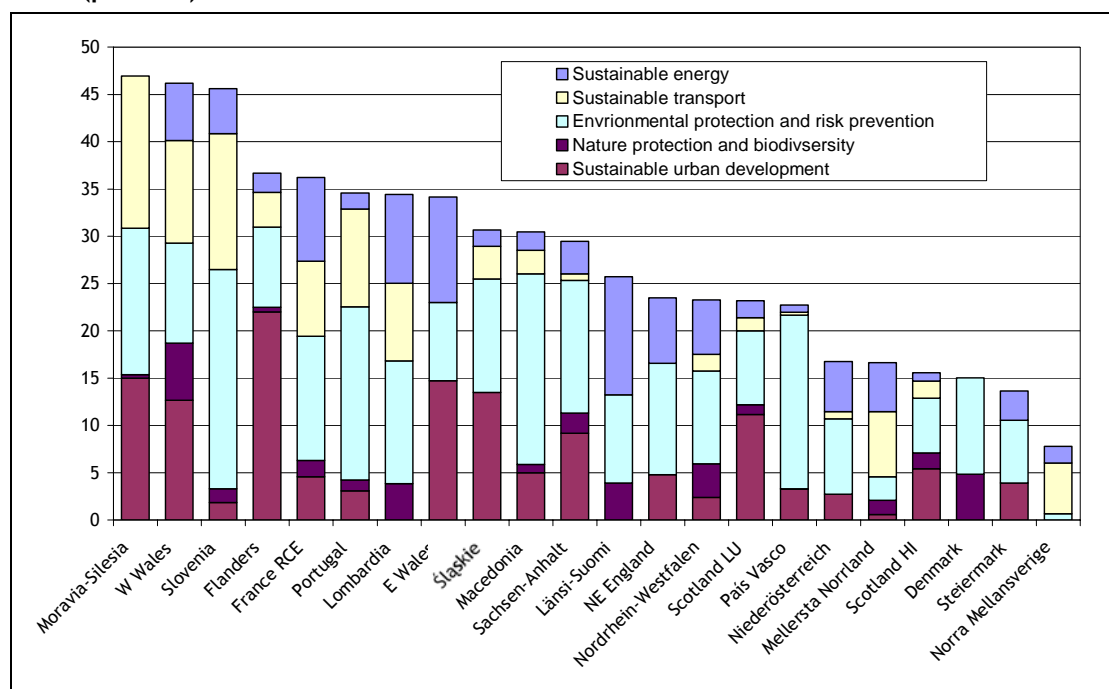
In other IQ-Net partner programmes, less than five percent of programme funding has been allocated to integrated urban/rural regeneration projects, although there is often a clear commitment to approach sustainable urban development in a strategic manner.

- For example, in **Spain**, all ROPs have a specific priority of sustainable local and urban development. Within this priority it has been decided to mainstream the experience of the Urban Community Initiative during 2000-2006 through a nationwide scheme for innovative and integrated urban projects which contribute to sustainable development in larger municipalities and provincial capitals (over 50,000 inhabitants). The scope of eligible interventions under the scheme includes: improving competitiveness, promoting internal cohesion in disadvantaged neighbourhoods, improving the polycentric connectivity between cities, and the integration of disadvantaged groups.
- A similar example can be seen in **Nordrhein-Westfalen** which has a priority axis on ‘Sustainable urban and regional development’. An important element of the priority is the support offered for the integrated development of less-favoured city areas building on the experience of the URBAN programme and the promotion of local economic development. The rest of the priority focuses on structurally disadvantaged parts of the region with support offered for upgrading economy-

related infrastructures, improving the ecological situation and remedial development of brownfield sites.

In general, it can be concluded that the strategic priorities and interventions included in IQ-Net partner NSRFs and OPs reflect a broad commitment to sustainable development and the Community goal of protecting and improving the environment. On average, around a quarter of IQ-Net programmes’ financial allocations are being channelled into key environmental and SD-related investments (Figure 8). However, the average figures mask wide variations. While some programmes have devoted as much as 45 percent of total funding to these themes, several other IQ-Net programmes have allocated shares in the order of 15 percent or less. The patterns of expenditure are even more diverse when one examines the precise mix between the different categories of expenditure within these thematic areas.

Figure 8: Indicative allocations to environmental and SD-related investments, 2007-2013 (percent)



6. DELIVERING ON SD COMMITMENTS: PROGRAMME IMPLEMENTATION

Translating strategic objectives and priorities on sustainable development into practice requires effective management and implementation systems. In particular, if they seek to go beyond the environmental dimension, they need to incorporate more sophisticated approaches to project generation, selection, monitoring and evaluation, as well as mechanisms for mobilising partner engagement. These processes are examined in the following section.

6.1 Project generation and selection

Those involved in generating, appraising and selecting projects for Structural Fund support can play a crucial role in integrating SD considerations in OP activities. Setting obligations and criteria that inform the generation, design and selection of projects can facilitate changing interpretations of SD. It is through the implementation process that awareness of SD issues can be raised and that holistic, three-pillar approaches to project generation, selection and appraisal can be developed. The integration of sustainable development in the process of project generation and selection varies across IQ-Net regions, reflecting: differing national arrangements for project generation and selection; the wider national and regional emphases placed on SD (as previously, SD often means environmental sustainability in practice); and the specific capacities of programme actors.

6.1.1 Project generation

An obvious way of focusing the attention of applicants on sustainable development is to include obligations as part of project generation mechanisms. This can involve project calls focusing on dedicated SD issues, the implementation of SD-related priorities or measures, or obligations as part of the mainstreaming of SD as a horizontal theme. Incentives can also be offered. In **Nordrhein-Westfalen**, for instance, a bonus will be awarded to projects which meet horizontal criteria in the context of competitive calls for tender.

(i) Targeted calls

Clearly, project calls under priorities or measures that specifically target SD-related interventions can help to target groups of potential beneficiaries and raise awareness of sustainable development. Across OPs, a number of project calls focus on environmental issues or have an environmental dimension. In **Aquitaine**, tender specifications for the regional project call ‘Support of sustainable development of sensitive urban districts’³⁹ oblige projects to achieve a link between competitiveness and cohesion, taking into account economic, social, urban and environmental dimensions. Proposed activities have to be of an innovative character or present a leverage effect in the territory. Each project will be steered by one lead organisation (town, municipality grouping, grouping of public

³⁹ Aquitaine Regional Programme, ERDF, 2007-2013, p. 120

interest) that coordinates the operations carried out by diverse promoters (local authorities, social organisations, associations, firms, etc). The five priority areas of this project call are: economic development and employment; respect of the environment and control of energy; attractiveness of urban districts; public services; and, project management. Applications must contain the following: commitment of the body in charge; SWOT of the concerned territory; integrated strategy of sustainable development for next 10 years; territorial project; governance organisation; communication and evaluation procedures. **Nordrhein-Westfalen** allocates significant amounts of its funding through calls for tender, with some focused on environmental issues..

(ii) *Obligations as part of horizontal themes*

A basic way of focusing the attention of applicants on sustainable development is incorporate obligations as part of the mainstreaming of horizontal themes. This may involve the assessment of project proposals by managing authorities or intermediary bodies, for instance through the completion of specific checklists. **Austrian** OPs use a common guideline (*SUP-Leitfaden*) for project applications. This guideline was agreed between all Managing Authorities and the Federal Environment Ministry and consists of a detailed checklist subdivided into six environmental dimensions: biodiversity and landscape, cultural heritage, soil, water, air and climate, efficient use of energy and resources and mobility. On the basis of a general set of questions, the intermediary bodies provide an individualised questionnaire in digital format for each project. An important aspect is the difference that is made between presumably ‘low-impact’ projects (<€350,000) and ‘high-impact’ projects (>€350,000) which require a more detailed set of questions.

Mainstreaming may also involve the self-assessment of project proposals by applicants. This approach is apparent in several OPs, although the focus is on the environmental impact of proposed projects rather than the broader implications for sustainable development. In fact, the increasing emphasis attached to environmental sustainability is reflected in some OPs by the introduction of stricter environmental requirements. The **Finnish** IT system for gathering project data now contains a separate questionnaire for sustainable development, environmental impacts and equality issues. In **Denmark**, the electronic application form for Structural Fund projects requires applicants to assess the environmental impact of the proposed activities with regard to use of protected areas (tourism projects), CO₂ emissions, and renewable energy. Self-assessment also takes place in the **Swedish** OPs (see Box 2).

In some cases, such obligations are applied to specific kinds of project. In **French** OPs, there is obligatory use of an analysis grid by promoters of projects of more than €2 million total cost (all other project promoters are recommended to use the grid). The grid provides a profile on all SD-related aspects and, if negative impacts are identified, this will be taken into account in the appraisal and programming process; the grid therefore works as a tool of auto-diagnosis for project promoters. For all projects with more than €200,000⁴⁰ ‘eco-conditions’ apply, i.e. investment choices need to be justified and it has to be proven that their environmental impact is either positive or neutral (in the case of negative impact,

⁴⁰ Except construction projects, which will be required to comply with the regional ‘Climate Plan’ and to consider the ‘Environmental Quality of a Building’ guide (QEB).

compensation measures need to be provided for). This relates to the project's energy and climate impact and its impact on water resources. Specific support is provided for projects over €200,000.

Box 2: Integrating SD into project design by self-assessment - Norra Mellansverige

In Norra Mellansverige OP, the following questions (which are still under development) will be asked from the project applicants:

Environmental policy - Is there an environmental policy for the project actors? Do the project actors have competencies in environmental issues?

Project goals and activities - Do the project goals and activities have an impact on the environment? How and what are the expected impacts?

Energy use (excluding transport) - Does the project entail reduced/increased/unchanged energy use?

Transport - Does the project entail reduced/increased/unchanged use of road transport?

Use of resources - Does the project entail reduced/increased/unchanged use of resources?

Emission - Does the project entail reduced/increased/unchanged emissions of environmentally damaging materials in air, soil or water?

Natural and cultural environment - What is the project's impact (reduces/increases) on natural and cultural environment, including biological diversity and threatened species?

Waste - Does the project entail reduced/increased/unchanged levels of waste?

Noise - Does the project entail a risk of noise disturbance?

(iii) *Support for SD in project development*

Beyond these obligations, a fundamental aim of several OPs is to increase understanding and awareness of SD amongst project applicants. Given the potentially complex, ambiguous nature of the theme, it is important that applicants understand its interpretation in the OP context and are aware of what is expected in the project proposals. This implies a more iterative, structured approach to integrating SD into the project generation process.

The decision has been taken in several OPs to introduce guidance and support on the integration of these issues early in the project design stage, rather than just at the appraisal stage. In some countries and regions, assistance to potential beneficiaries and project applicants will be provided in the context of programme management or administration structures. Support can range from project-related information dissemination and the identification and stimulation of projects, to more targeted assistance with project development. This helps to generate and prepare good applications in order to facilitate the work of appraisal and selection bodies. The aim is to support an integrative process rather than a 'bolt-on' approach. In this respect, a range of mechanisms are being introduced in partner OPs.

- *Organising seminars and training* for project promoters to raise awareness and explain how SD (environmental) integration can be effective.
- *Expertise made available to project promoters.* In some cases, regional bodies will be selected to carry out training sessions. In **Wales**, specialist advice is available at an early stage to ensure that opportunities to contribute to the environmental sustainability objectives are integrated into project plans. The Welsh European Funding Office's Environmental Team, with backup from a network of experts, supports the Project Development Officers in this.
- *Disseminating guidance* to show project sponsors how they can integrate the appropriate activities into project plans at an early stage. The Regional Council for **Moravskoslezský** has produced a 'Guideline for Horizontal Themes' which provides detailed guidance for applicants on the potential environmental impact (in this case understood as environmental sustainability) of a proposed project. In **Wales**, WEFO has produced a set of practical guides to promoting environmental sustainability for each area of activity (see Case Study Box 3). The main change in comparison to 2000-06 is this iterative process: there are now opportunities to adapt projects from the initial design stage onwards.

Box 3: WEFO Environmental Sustainability Guidance for Projects

WEFO has published online a series of specific guidance documents to help project promoters address the opportunities within the OPs to promote the objectives of environmental sustainability. Users of the guidance begin by accessing the 'Key Document', which provides information on how to use the guidance and refer the user to the correct Activity-based Guidance Document for their project. Guidance has been tailored for the following 13 sets of activities: Business Support; Community Economic Development; Developing Young People and Increasing Employment; Energy; Environment for Growth; Environment Risk Management; E-solutions; Improving Skills Levels and the Adaptability of the Workforce; Innovation; R&D and Technology; Making the Connections; Materials Efficiency; Physical Regeneration; and Sustainable Transport.

The guidance outlines actions that should be integrated into projects to maximise their quality and environmental sustainability. The actions are grouped according to which WEFO ES objective they would primarily contribute to. A Summary of Actions then acts as a checklist, where each action is considered in turn by the project development group (which would include cross-cutting specialists) and incorporated into the project wherever possible. The WEFO grant provided would usually be able to be increased to reflect any additional costs incurred through delivering a more environmentally sustainable project.

Source: <http://www.wefo.wales.gov.uk/default.asp?action=page&ID=2109>

Some OPs combine several of these elements in their overall approach. Appraisal of the SD impact of projects in the **Aquitaine** OP involves: dissemination of SD brochures to project applicants; awareness raising and training regarding SD for programme implementers; support by expertise (CETE, Scientific and technical network) and a compulsory analysis

grid for projects involving more than €2 million. The grid is based on principles in line with the 1992 Rio Declaration and contains 29 criteria of equal weight (i.e. no hierarchy) covering SD from a multi-dimensional perspective (social, equity, economic, viability and 'liveability'). This process informs a report and a graph on these SD dimensions (each rated between -3 and +3). The report also assesses the governance dimension and the project rationale. It includes suggestions on how to improve the application. On the one hand, this approach is quite complex and demanding to implement and it requires time to understand and adapt it to specific projects. Its utility depends on the capacity of those involved. On the other hand it can potentially provide a comprehensive, transparent tool for assessing the integration of SD in projects. Integrated approaches similar to this are emerging in other French regions (e.g. Rhone-Alps).

It should be noted that, in some cases, broader moves towards more streamlined, focussed OPs (often in a context of reduced funding) have seen reductions in the level of guidance available to applicants. In 2000-06, **Scottish OPs** redesigned project application forms to incorporate a series of core criteria at the stage of project design that helped guide applicants' integration of SD as one of the horizontal criteria. The new OP application forms, however, include only a small section on the horizontal themes, allowing for a minimum of information. The form provides only limited cues to applicants as to how they can address these issues.

6.1.2 Project selection

Given the conceptual complexity of sustainable development and the potentially diverse range of activities that can be launched under this heading, taking the objective of SD into account at the project selection stage is challenging. OP implementation arrangements are responding to this in a variety of ways.

(i) SD-related criteria in project generation and selection stages

One approach is to build direct links between the project generation and selection stages. As noted above, in some cases, project applicants are obliged to 'self-appraise' their proposals against criteria set by programme authorities in order to integrate SD considerations at the project design stage. Project assessors can consider applications against these criteria to assess whether key aspects have been addressed, in this way mainstreaming SD into the selection criteria. In **Wales**, the guidance provided to applicants on integrating environmental sustainability includes a checklist which is used by project development officers to help them form a view on the project and make a recommendation. PDOs use a matrix for project scoring, and contribution to ES is one of the scoring criteria. If no contribution is made, the project proposal will fail.

As noted above, the Regional Council for **Moravskoslezský** has produced a 'Guideline for Horizontal Themes' which provides a detailed description of how a project applicant can anticipate the impact of a proposed project in terms of SD (in the Czech Republic case this equates with environmental sustainability). The Guideline defines quantitative and non-quantitative criteria of SD from which an applicant can select the most appropriate. This binds the applicant to fulfil certain environmental criteria. Project proposals that are tied

to these criteria are given preference during the appraisal process. In other words, a project proposal which has not set itself any of these criteria cannot be assessed as a project with positive impacts on SD during appraisal process (see Table 2).

Table 2: Examples of environmental criteria for the appraisal process - Moravskoslezský

Environmental criteria	Quantitative unit	Qualitative assessment
Will the project contribute to elimination of landscape fragmentation?	km ²	
Will the project contribute to decrease of waste production?	tonne per year	
Will energy production from renewable sources be increased in connection with project realization?	giga-joules	
Will the project contribute to an increase in people using public transport?	number of persons	
Will the project be realized with the use of brownfields?		yes/no
Will the project have impacts on NATURA 2000?		yes/no
Will the noise-load of inhabitants be reduced by the project?		yes/no

Source: *The Guidance for Horizontal Themes* (Regional Council of the ROP MS). Note: The entire list contains 82 indicators.

Project applicants in **Länsi-Suomi** are required to fill in a specific section in the funding application with regard to the potential environmental impacts. These then inform general project selection criteria under all the Priorities of the Länsi-Suomi OP (this approach applies to other Finnish OPs).

(ii) Basing SD-related selection criteria on domestic/international guidelines

In some OPs, the core criteria for incorporating SD issues into project selection are based on domestic or international guidelines or priorities. Although project selection criteria are still being set in some **Greek** OPs, their SD orientation will be based on environmental compliance with national and community legislation..

Selection criteria can also reflect domestic SD goals and priorities.

- In **Vlaanderen**, the target of carbon neutrality is a starting point for project appraisal.
- In **German** OPs, project selection methods vary between the many different schemes and implementing bodies involved in implementation; in **Sachsen-Anhalt**, for example, aspects of sustainability in selection criteria for infrastructure projects include a ‘demographic check’ to see whether the infrastructure is really needed, given expected population changes in the area.
- From an operational perspective the role of environmental sustainability in **Denmark** would appear more prominent than at programme level, and integration with domestic regional policy administration is having an impact on project selection. Structural Funds programming has been radically mainstreamed by being integrated in the new Regional Growth Fora (RGF) established as part of a major

reform of subnational government. In practice, this implies that the strategies of the new RGFs are what guides project selection, and here some regions focus explicitly on renewable energy (Nordjylland), and energy and environmental technologies (Zealand) while others replicate the horizontal mainstreaming of the OPs and NSRF.

- In **North East England**, core ERDF project selection and appraisal criteria include references to the cross-cutting themes. One of the core selection criteria (which determines whether a project goes on to receive a full business case appraisal) is that ‘projects should demonstrate potential to maximise positive environmental impacts and demonstrate ability to effectively mitigate potential negative impacts’. The next stage in the process (business case - project appraisal) again assesses the project to ensure that it clearly demonstrates that it is striving to provide a positive environmental impact or minimise any negative environmental impacts of the project. This is based on the existing Sustainability Toolkit of the regional development agency, ONE North-East, developed to ensure all investments in the region take into account the cross-cutting themes.

(iii) Involving SD expertise in the selection process

Another means of integrating SD considerations into the selection of projects is by ensuring the participation of individuals or organisations representing SD-related interests in the process. In some cases, this involves the participation of representatives of related government ministries and departments in the project selection process. For the RCE OP in **Italy**, the Ministry for the Protection of the Territory (National Environmental Authority) participates in all the stages of implementation: in the selection of the key areas/fields of intervention, in the preparation of calls for tenders, in the definition of project selection criteria and procedures, in the finalisation of monitoring system and environmental indicators. Existing units in domestic organisations that are acting as Managing Authorities can fulfil this role. **North East England’s** regional development agency already has sustainability champions and experts, while (as noted above) in **Wales**, the Welsh European Funding Office’s Environmental Team, with backup from a network of experts, support the project development officers in project appraisal.

In some cases, partnership-based organisations have been established to strengthen this input.

- In **Vlaanderen**, a technical workgroup has been established to assist project appraisal. It comprises representatives of the Flemish administration and local authorities, as well as the socio-economic council and the Vlaanderen Environment and Nature Council. Additionally, external consultants who specialise in SD issues can be involved.
- In **Länsi-Suomi**, ‘YVA-groups’ play an important role by ensuring that environmental (and equality) matters are taken into consideration in the project appraisal phase. These groups are nominated by the respective Regional Management Committees, and include representatives and experts from a wide range of regional organisations

(the regional environmental administration, the Regional Council, the T&E Centre, the State Provincial Office, museums, forestry and conservation associations, universities etc.). The groups determine if a project has positive or negative environmental impacts. Project funding decisions cannot be made prior to the decision of the YVA-group. In the 2000-06 period, the contribution of these YVA-groups was considered as an important contribution to the project selection process. The YVA-groups are now used in most regions of the Länsi-Suomi programme area (only the region of Satakunta has decided not to use this approach), whereas in the past period they were only used in Keski-Suomi.

Summing up, it is clear that some broad processes are underway with respect to SD-oriented project generation and selection,

First, building on experiences from the previous programme period, there is increasing effort to define more clearly what is meant by SD and what sort of impact projects could be expected to have. This involves the setting of clear SD-related criteria and the provision of guidance and support for applicants. The aim here is to help applicants as they design projects and also to facilitate subsequent processes of project selection, monitoring and evaluation.

Second, there is a shift towards introducing SD considerations into projects at the earliest possible stage. Assessing the SD content of projects as they are being designed anchors SD as an integral element from the moment of project development to the stage of project completion.

Third, this is part of a shift towards more iterative approaches to integrating SD, where organisations and mechanisms are linked throughout different implementation phases to increase continuity and allow the SD-related content of projects to be measured and adapted as they progress.

However, it is important to note some caveats. The extent to which priority is given to these considerations obviously varies according to the importance attached to SD in the OP itself. Moreover, the ability to provide levels of support and guidance to projects obviously depends on the capacity of administrative systems, the resources at the disposal of programme managers/secretariats and the availability of expertise. Finally, although SD-related criteria for project appraisal and selection reflect differing interpretations of the issue across Member States (and sometimes across regions), it is clear that the main emphasis remains on environmental sustainability.

6.2 Monitoring and evaluation

6.2.1 Monitoring

The contribution of monitoring to integrating sustainable development is to track the progress of the projects against SD-related objectives (and the progress of the programme, when aggregated). Monitoring provides information that can help to explain patterns and trends, providing valuable data to set targets and benchmark progress. The key question is: what is the impact of the programme on sustainable development?

Assessing progress towards the achievement of sustainable development involves three basic challenges. The first is definitional. Given potential interventions in social, environmental and economic spheres under the heading of SD and the likelihood of multi-faceted results, what should SD-related indicators measure? How can indicators measure the extent to which the individual elements of a programme interact with each other in order to provide a co-ordinated response to the sustainable development challenge? The second issue concerns the availability of relevant baseline information against which the progress of these interventions can be gauged. A related challenge is attaching reasonable targets to these indicators: the quantitative dimension of sustainable development is not easy, not only due to a multiplicity of potential effects but also due to the fact that it may be difficult to disaggregate some impacts from processes or interventions external to the programme. Moreover, some impacts may not be tangible or measurable, at least in the short-run. The following section assesses responses to these challenges.

(i) *Defining SD indicators*

One of the basic challenges related to monitoring SD concerns the definition of context indicators and output, result and impact indicators. *Context* indicators provide quantified information on the socio-economic and environmental situation and can express identified needs in quantitative terms. They are relevant in order to assess regional needs through a socio-economic analysis of a country or region concerned, and in order to monitor the evolving general context of a programme. In the 2007-13 programme period, it is clear that the main SD-related context indicators are becoming more detailed. This reflects the increasing importance attached to the theme in domestic and international policy agendas and increasing availability of related statistics. For instance, in **North East England** a selection of tracking indicators will be used to monitor the environmental performance of the area. The Managing Authority will monitor these indicators, where appropriate, to determine changes that occur and potential relationships with programme activities. Performance against these indicators will be reported in the Annual Implementation Reports.

The main emphasis of context indicators in OPs is environmental sustainability (e.g. **Nordrhein-Westfalen, Śląskie**). Indicators here can include: total air pollutants emission; population using water supply system including in rural areas; percentage of recycled waste against total waste volumes; percentage of power from renewable energy sources against total power production; legally protected precious nature areas as a percentage of the total area.

While context indicators provide quantified information on the socio-economic situation and can express identified needs in quantitative terms, *programme indicators* relate to the effects of the intervention. As noted above, a challenge here is to define indicators that are capable of identifying and measuring the SD-related impact of OP activities. Again, with some exceptions, OPs have conflated SD with environmental sustainability and this has facilitated the task of defining indicators to a certain extent. Beyond this, current OPs are notable for efforts to 'unpack' the SD issue or make it more meaningful.

- For instance, in some OPs (e.g. Sweden), the indicator system for measuring environmental impact has been developed for 2007-13 in terms of increasing the numbers of indicators, but also eliminating the option of ‘neutral environmental impacts’ (i.e. the project has either positive or negative environmental effects).
- In France, appraisal services in 2000-06 often classified projects as ‘neutral’. For these reasons it was considered necessary to provide a precise protocol with proposed descriptors; in the protocol, actions will be sub-divided into two categories: ‘dedicated actions’ for which the environment is one of the immediate objectives, and ‘non-dedicated actions’ for which the objectives are not environmentally targeted.

For some OPs, experience from previous programme periods revealed that there could be confusion between the integration of the environmental dimension of a project during project development and appraisal and its actual impact on the environment. In 2007-13 OPs, increasing emphasis on environmental sustainability criteria in project generation and selection, and the provision of strong support and guidance to applicants, is part of a more integrated and iterative approach across implementation stages that has also informed the development of indicators. For instance, in Austria, the common guideline (*SUP-Leitfaden*) for project applications will be used as a monitoring tool focusing on effects (*Wirkungsmonitoring*) and is foreseen to be evaluated within the MTE.

In some cases, the SEA process has also proved valuable in setting indicators. For instance, in Spain, the SEA produced a detailed list of environmental indicators for all the categories of expenditure with significant environmental relevance for all OPs (3.5 pages). These are integrated into the monitoring and evaluation plans of the OPs. Each Monitoring Committee will select the most appropriate indicators to be adopted for each programme. Beneficiaries must calculate and submit the value of the relevant indicators with their first claim submission, which can be confirmed or corrected by the intermediary body. Similarly, in Portugal the SEA process used, in its assessment, a significant number of indicators. Programmers involved in coordinating, monitoring and managing projects are working together to assess whether the referred set of indicators is appropriate to monitor interventions’ impact on environment and sustainable development and also to ensure the implementation of SEA recommendations.

(ii) *SD indicators in priorities*

Given the multiple interpretations and emphases possible in conceptualizations of SD and the range of interventions it can support, it is unsurprising that SD-related indicators can be found under a range of different priorities in OPs. Presenting a comprehensive overview of these is also hampered by the fact that, in some cases, monitoring systems and indicators were still being set at the time of the research. Nevertheless, a basic categorization can be developed under thematic headings.

First, in some OPs, the ongoing priority attached to *basic environmental needs* (e.g. investment in environmental infrastructure, rehabilitation of physical environment) under

the SD heading is reflected in indicator sets. This applies particularly to regions with Convergence OPs (e.g. **Moravskoslezský, Śląskie, Sachsen-Anhalt, West Wales**).

- Examples of ‘output’ indicators developed under this heading include: number of projects involving waste management / air quality management; km of channels for water or waste-water, hectares of industrial / coal-mining land reclaimed.
- Result indicators can include: number of people served by new/modernized waterworks; percentage increase in the rate of connection to waste water treatment plant; amount of investment in environmental infrastructure and risk prevention; number of people benefiting from flood protection measures.

Preservation of areas of natural or ecological interest is a common thread across OPs and has a specific focus in programme areas containing Natura 2000 sites. This can be linked to the preservation of biodiversity / wildlife (e.g. **Śląskie** ROP has an indicator on the number of species no longer subject to regional extinction hazard). In some cases, indicators reflect the potential synergy between protection or enhancement of these areas and potential economic growth. Examples of indicators here can include the number of initiatives developing the natural and/or historic environment, number of tourism projects related to Natura 2000, number of projects which safeguard and exploit natural heritage (**Nordrhein-Westfalen**).

Some OPs (e.g. **Wales** Convergence) include a focus on building *sustainable transport* into their environmental sustainability agendas. Improvement of public transport, creation of intermodal facilities and connection to the TEN-T network are aims reflected in some indicator sets.

There is a clear focus across OPs on improving the *performance of enterprises* in terms of energy efficiency, as a part of a broad push to address levels of carbon emissions, under the SD heading. This is reflected in indicators such as: number of enterprises adopting or improving Environmental Management Systems; number of advisory sessions on specific business and environmental issues; number of projects which increase energy and resource efficiency as well as the development of environmentally friendly technologies (**Nordrhein-Westfalen**).

Several OPs place particular emphasis on supporting *investment in renewable energy* as one of the clearest examples of synergy between environmental sustainability and economic growth. Though apparent in many OPs, this focus is particularly apparent in Competitiveness OPs and is reflected in indicators such as: number of investment projects in the sector of environmental technologies; number of projects in the field of climate protection and renewable energies; amount of funding for R&D projects in the field of climate protection and renewable energies.

Several OPs, particularly those with urban areas in need of regeneration (e.g. **Śląskie, Sachsen Anhalt**) include an *urban dimension* in their approach to monitoring SD. Regenerating urban areas can be seen as crucial to creating physically and socially sustainable towns and cities and can play a part in attracting private investment. This is

reflected in indicators such as: number of projects aiming at improvement of city attractiveness; hectares of revitalized towns and cities; number of integrated urban regeneration projects; scale of induced private investment in integrated urban development.

Finally, it is worth noting that indicators in some OPs reflect the need to raise awareness, increase understanding and monitor commitment to *managing sustainable development* amongst beneficiaries. This is particularly apparent in ESF OPs. For instance, in Welsh ESF OPs a new approach is the ambitious targets to ensure that 75 percent of projects concerned with economic activity and employment must integrate Environmental Sustainability into training projects and ten percent of projects concerned with improving skills levels should deliver sustainable development skills training. **Śląskie** ROP's Environment priority includes the indicator: number of people included in programmes aiming at shaping ecological attitudes.

(iii) SD indicators in horizontal themes

Several OPs also include indicators set to monitor horizontal issues, including ones that relate to SD, again usually understood as environmental sustainability.

- **Śląskie's** ROP includes a horizontal product indicator (number of projects in the area of energy efficiency improvement) and output indicator (energy consumption reduction in the supported buildings).
- The programme authority of **Vlaanderen** is planning to carry out surveys with project promoters in order to assess programme effects on the horizontal programme themes (spatial dimension, interregional cooperation, sustainable development and environmental protection, and equal opportunities).
- In **North East England**, the effectiveness of mainstreaming Environmental Sustainability as a Cross Cutting Theme will be assessed through several performance indicators (see Table 3). Progress against the Priority level indicators will be reported in the Annual Implementation Reports and discussed at meetings of the PMC.
- In **Swedish OPs**, it is noted that the horizontal criteria (which includes environment) should be taken into consideration in monitoring and evaluation. Indeed, the OPs have developed specific horizontal classification criteria which are applicable for all projects under the Employment and Competitiveness Objective. This ensures that information on the impacts is reported from all projects and can be used for evaluation at a later stage. It is also recognised that not every project can have a positive impact across all dimensions of SD. Therefore it is important to balance this against the overall goals and priorities. The horizontal criteria for 'better environment', include the indicators in Table 3.

Table 3: Environmental indicators as a horizontal theme in Swedish OPs

Horizontal criteria	Indicator	Definition
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Better environment	Number of projects which directly aim at improving the environment	Improved environment is one of the key goals of the project. This is reflected in the project's description of its activities, goals and expected results.
	Number of projects which have predominantly positive impact on the environment	The project's impact on the environment is demonstrated in the project description. Project is assessed to have predominantly a positive impact. The project will have several activities which aim to improve the environment.
	Number of projects which have predominantly a negative impact on the environment.	The project's impact on the environment is demonstrated in the project description. Project is assessed to have predominantly a negative impact. The project contains measures to minimise the negative impacts.

(iv) Attaching realistic targets to indicators

Attaching quantified targets to SD-related indicators can be a difficult task for programme managers as they try to trace direct and indirect results of SD-related interventions. For instance, reflecting increasing concerns with climate change and energy efficiency, many programmes include provision for the development of specific carbon evaluation systems to monitor effects with regard to Kyoto CO₂ emissions targets (e.g. **Italy, France, Czech Republic, England and Wales**). Cohesion policy can make a substantial contribution to meeting the ambitious targets to reduce energy consumption and greenhouse gas emissions by 20 percent and to increase the share of renewables in the energy mix to 20 percent by 2013. Given this, carbon budgets will become increasingly important for projects generally, and programmers recognise that it is important to try to understand the impact Structural Funds programmes are having in this respect. Programmes can play a role in demonstrating how to reduce or offset carbon budget, piloting new approaches and encouraging knowledge transfer.

However, setting carbon-related targets is expected to be challenging. It is difficult to disaggregate the impact of the Structural Funds programmes on carbon emissions in a region, particularly those with large industrial structures, significant carbon emissions and relatively small programme budgets. In several cases, therefore, OPs define indicators for monitoring impacts of the entire programme on SD (usually equated with environmental sustainability) without including quantified targets (e.g. **Moravskoslezský**). In some cases, the identification of relevant indicators has been considered as the primary concern at the stage of programme drafting, while a more accurate quantification of targets pursued is deferred until later in the programme period. Programme-level indicators in **Nordrhein-Westfalen** include “change in the use of resources and energy by businesses in the funded projects”. However, the OP states that no ex ante quantification is possible for this indicator. Instead, ex post values will be calculated by the monitoring system for those projects to which this indicator is seen as relevant and practical.

In order to address this challenge, some OPs are taking a ‘bottom up’ approach assessing every project in some way for a positive environmental contribution. In **France**, the tool NECATER was specifically set up for the CPER (State-region contract). Its overall aim is to

ensure carbon neutrality in investments of CPERs and calculates potential greenhouse gas emission based on CPER funding allocations. As set out in the NSRF, this approach will be extended to the OPs; NECATER will ultimately be linked in with the national monitoring system PRESAGE, in place for OPs and CPERs. Project allocations will be quantified ex ante, and can be adapted during project implementation. CO₂ project assessments will look at budget allocations by themes, including: employment by sector; extent of commuting; flux of goods; infrastructure type; contribution to urban development; and impact of regional energy and environmental policies. NECATER will provide information on energy savings as one of the core indicators at the aggregated level. In contrast, **North East England** has decided to measure the amount of support provided to projects to improve energy efficiency as a proxy for measuring the reduction in carbon footprint.

In summary, monitoring systems are important to measure the SD-related achievements of projects. However, defining SD-related indicators and attaching appropriate targets is challenging. As SD has a wide range of applications, cutting across a variety of types of intervention, indicators must attempt to reflect this variety. Moreover, SD-related impacts of OP interventions may be difficult to disaggregate or may be intangible at least during the lifetime of the programme. Programme managers are attempting to overcome these obstacles by developing more detailed and sophisticated indicators, drawing on expert advice and domestic and international frameworks and guidance, focusing on particular SD themes (notably environmental sustainability) and integrating SD across programme generation, selection and monitoring stages.

6.2.2 Evaluation

Evaluating SD-related aspects of OPs can demonstrate the value of any contribution which has been made in concrete terms, thus verifying the relevance (or otherwise) of these issues in programmes. By generating new information, evaluation can also serve to modify the integration of SD in the programme in question and also inform future interventions. As with monitoring, the evaluation of sustainable development is made difficult by its definitional ambiguity and its complex and multifaceted nature. It implies assessment of different types of activity involving a range of individual environmental, social and economic elements. It must also take into account the interactions between these individual elements.

On the other hand, the regulatory changes to evaluation in the current programme period have increased the level of flexibility for the Member States. MTEs and UMTEs are now optional, replaced by on-going, needs-based evaluations that can focus on particular themes or aspects of programme implementation. Evaluations may also be triggered by actual or potential difficulties revealed by the monitoring system and can be undertaken to ensure regular review of strategic or operational aspects. This has increased the scope for programmes to organise evaluations that are dedicated to - or at least place an emphasis on - SD-related themes. Moreover, the Strategic Environmental Assessments, compulsory for OPs and recommended for NSRFs, have obviously provided a starting point for the evaluation process, at least in terms of the theme of environmental sustainability. Lastly,

the evaluation experience from the 2000-06 programme period provides a better basis for evaluations in 2007-13.

All OPs plan to evaluate themes related to sustainable development at some point, and in some form, during the 2007-13 period. However, there is variation in terms of the scope and organisation of the process. This can relate to specific factors such as the definition of SD in an OP, the funding and priority attached to it, whether it is incorporated as a specific priority or as a horizontal theme. Broader factors can also have an impact, including: the role of national and regional levels in developing and implementing evaluation plans; the degree of alignment between domestic and EU-funded evaluation processes; and the overall balance between evaluation of processes and impacts.

On the one hand, most OPs plan to include evaluation of SD-related impacts, or more precisely, environmental impacts. Assessments of environmental impact will be part of periodic monitoring and implementation reports.

- For instance, in **Nordrhein-Westfalen**, at the mid-term point (2010), the implementation report will include a detailed environmental monitoring report, which will evaluate the OP's environmental effects and *inter alia* will assess the OP's contribution to climate protection. In some cases, there is also a focus on the evaluation of process issues. This can apply to evaluations of how SD has been integrated into programmes, particularly as a horizontal theme.
- In **North East England**, the consultants contracted for the ex ante evaluation have been commissioned to appraise the approach to the cross-cutting themes in the 2000-06 OP with a brief of drawing out the lessons for how they could be absorbed in the implementation of the new OP. The OP has a new Managing Authority, One North East, which decided it would also be useful to extend the contract so that consultants could look at the agency's own toolkit and assess its robustness against ERDF requirements.

Generally, it appears that programmers are taking advantage of more flexible evaluation requirements to plan dedicated, thematic studies of SD-related themes. Environmental issues are again prominent in this respect.

- The **Scottish** OPs state that there will be a thematic evaluation of the environmental sustainability impact of the programmes during the course of the programme period, which will examine effects on carbon emissions and energy/resource efficiency.
- In **Spain**, all ERDF OPs will be subject to a thematic evaluation of the main environmental priority axis (P3 in Convergence, phasing-out, phasing-in and P2 in RCE). This reflects the importance attached to the horizontal principles, Strategic Environmental Assessment commitments and the shift in government priorities in the environmental interventions mid-way through 2000-2006.

- In France, DIACT has produced a preliminary, common structure for all OP mid-term evaluations and domestic State-region contracts, which will all incorporate a particular focus on the environment, including on greenhouse gas emissions.
- According to the Śląskie ROP evaluation plan, there will be an evaluation of the influence of the ROP on the natural environment, focusing on water and air quality, environmental management and the state of the natural environment. There will also be an evaluation of the ROP horizontal themes, which includes SD-related issues.

Where thematic evaluations are being organised across programmes, this can help to promote knowledge transfer and exchange of experience. On the other hand, it is important that SD-related themes are perceived as integral part of programmes, rather than as ‘stand-alone’ issues. Thus, integrating SD-related issues into broader OP evaluations can reinforce its perception as a fundamental feature of programmes, reaching across different activities and different phases of the programming process. According to the Welsh OPs, environmental sustainability will be a key theme of all project-level and programme-level evaluations. In particular, a mid-term evaluation will include environment and equality components, and will help steer the latter half of the programme.

6.3 Partnership

Partnership based approaches play a crucial role in the implementation of the Structural Funds. They involve close collaboration between the Commission, national, regional and local actors, as well as economic, social and environmental partners in the elaboration, implementation and administration of the programme. The benefits offered by partnership-working, identified in Commission evaluations⁴¹, include: increased effectiveness in programme development and monitoring; increased legitimacy and transparency in decision-making processes; greater commitment and ownership of programme outputs; more opportunities for reinforcing innovation and learning across organizational boundaries, and boosting institutional capacity at sectoral and territorial levels (particularly in Member States where such capacity has hitherto been weak).

All these factors are relevant to the SD content and impact of OPs. The role of SD organizations and individuals from the public sphere, the scientific community and civil society in the drafting of OPs and the generation and selection and projects has already been noted. Partnership-working can have a significant impact in terms of effective delivery, and could therefore be a key mechanism for improving implementation along SD lines. Beyond this, SD is increasingly seen as a procedural concept: the implementation process can potentially develop consensus on sustainable development in a region and promote partnerships for sustainability. Across Member States, the integration of SD into partnership-working involves a range of structures and processes.

⁴¹ Tavistock Institute (1999) *Thematic Evaluation of the Partnership Principle*, Report to the European Commission (DGXVI)

(i) *Environmental Authorities*

As environment protection and sustainable development are crucial elements in Cohesion policy, most Member States have involved 'environmental authorities' (i.e. public authorities in charge of the integration of the environmental dimension) in the management of the Funds. Environmental authorities exist in all Member States involved with the management of the Funds, although there is no common designation across the EU. There is variation, for instance in terms of balance between national ministries and departments, agencies and regional networks.

(ii) *Monitoring Committees*

The main partnership body in OP implementation is the Monitoring Committee. As in the 2000-06 programme period, SD-related interests, particularly those related to environmental sustainability are well represented. In the **Austria**-wide monitoring committee a spokesperson of the federal environmental ministry for the National Sustainability Strategy and a delegate of an environmental NGO represent environmental interests. In **Sachsen-Anhalt**, as in 2000-06, the monitoring committee will include a representative from the *Land* Environment Ministry, and also a representative of the *Land* environmental associations. For the **Scottish Highlands & Islands OP**, Scottish Natural Heritage is represented in the Monitoring Committee, as well as in all of the OPs' Advisory Groups (there is an Advisory Group for each OP Priority).

(iii) *Partnership-based Working Groups*

Across Member States, there are several examples of organisations, based on partnership between public authorities and civil society groups that contribute in different ways to the integration of SD in the implementation of OPs.

- As discussed earlier, in **Finland** the so-called YVA-groups play an important role in ensuring that environmental and equality matters are taken into consideration in the project appraisal phase. Their contribution has been evaluated as important in the MTEs and UMTEs of 2000-2006.
- In **Nordrhein-Westfalen**, an OP working group will be set up on the theme of the environment, which will also contribute to the work of the federal working group on this theme. In 2000-06, the federal working group only covered Objective 1 programmes but it has now been extended to include Objective 2.
- In **England**, an Environment and Structural Funds Group was established under the 2000-06 programmes and there are plans to relaunch it for the 2007-13 period. The ESFG comprises government departments, environmental organisations, regional government offices and DG Environment, and its remit is to guide programme managers and beneficiaries on integrating environmental sustainability as a theme in all stages of the implementation process.

In general, programmes are maintaining or extending their use of partnership structures in implementation as a means of informing the SD-content and also as a way of increasing

knowledge and awareness of the issue. It should be noted that OPs vary in the extent to which implementation can draw on these types of partnership structures. In some cases, particularly where SD is a relatively recent addition to the policy agenda, there may be a limited number of partners with the capacity to participate.

Elsewhere, changes in programming arrangements may reduce the scope for partnership working. In **Sweden**, the SD experts were essentially the internal experts of the CABs (which are no longer involved in the programme implementation). The streamlining or rationalisation of implementation systems may lessen the scope for dedicated, SD input into partnership structures. In the **Scottish** OPs, the use of experts is more mainstreamed than previously. Under the 2000-06 OP, there were sustainable development and equal opportunities sub-groups, and two full-time staff, one for each of the themes. The architecture has now been slimmed down to implement smaller programmes.

7. CONCLUSIONS

The objective of this paper has been to analyse how programmes are supporting the integration of sustainable development (SD) in the 2007-13 period. Based on research carried out on IQ-Net partner programmes in 15 Member States during Spring 2008, the paper has examined the degree to which the preparation of the National Strategic Reference Frameworks (NSRFs) and Operational Programmes (OPs) integrated SD, the SD orientation of the objectives and priorities of the frameworks and programmes, the allocation of funding to different fields of intervention, and the management and implementation processes for integrating SD. This final section draws together the key conclusions to emerge from the research.

7.1 Integrating SD in the design of NSRFs and OPs

There is evidence that, in several cases, SD interests were incorporated into the programming process in an integrated way from inception to approval stages. To a certain extent, this marks a shift from ensuring basic compliance with Commission regulations (through the assessment of SD issues in 'one off' consultations and in isolation at some stage of the drafting process) to building SD actively into strategic planning processes. Related, there is an increasing level of integration of the Structural Funds programmes with SD interventions in domestic regional development and sustainable strategies. This reflects broader efforts to align domestic and EU-funded programmes and the emergence of domestic SD strategies that OPs can use as reference points. This increasing level of coherence means that the Structural Funds are more integrated with regionally set objectives.

However, it should be noted that this integration is not apparent in all programming contexts and is not always expressed in SD terms. The predominance of environmental ministries and agencies, NGOs and experts being given the responsibility for SD-related inputs in programme design reflects the continued conflation of SD with narrower environmental sustainability concerns.

7.2 SD objectives in NSRFs and OPs

The increasing prominence of SD in EU and domestic policies has ensured that sustainable development is on the agenda in all NSRFs and OPs. However, there is considerable variation in the conceptualisation of the term, associated with different programming environments and domestic policy contexts.

Some documents outline an inclusive multi-strand interpretation of sustainability, including discussion of trade-offs and synergies between the environmental, social and economic dimensions of SD. The main trade-off identified in terms of regional development is commonly between increases in economic growth rates and a related decline in natural resources. Potential synergies tend to be between economic growth and environmental sustainability, relating for instance to resource efficiency and environmental technologies. There is less space devoted to the social dimension, although in some regions, demographic issues are becoming an important part of the SD agenda.

However, where SD is a relatively new policy area or where the priority attached to SD in Cohesion policy programmes compared to other issues is limited, documents set out a narrow conceptualisation of SD, often focusing on a particular component (usually environmental sustainability).

7.3 Priorities and interventions in NSRFs and OPs

The strategic priorities and interventions included in IQ-Net partner NSRFs and OPs reflect a broad commitment to sustainable development and the Community goal of protecting and improving the environment. On average, around one quarter of IQ-Net programmes financial allocations are being channelled into the key SD-related investment themes of environmental protection and risk management; sustainable energy; sustainable transport; and sustainable urban development; bio-diversity, nature protection and natural assets. However, the average figures reveal wide variations. While some Convergence programmes have allocated as much as 45 percent of resources to these themes, other RCE programmes have allocated less than 15 percent of total funding to these types of investment. In part, this reflects the strong Lisbon-orientation adopted in many RCE regions and the fact that many SD-related categories (though not all) are excluded from the earmarking exercise.

Programme financial allocations also vary widely in terms of the mix across each of these themes and on the emphasis given to individual categories of expenditure.

- For instance, within the theme of environmental protection and risk prevention, support for heavy basic infrastructures relating to water and waste features prominently in some Convergence programmes, while elsewhere the focus is on support for environmentally-friendly products and production processes in SMEs, the rehabilitation of industrial sites and contaminated land, the promotion of clean urban transport and risk prevention.
- The promotion of sustainable energy is emphasised across the majority of IQ-Net programmes, but some give more attention to energy efficiency (exclusively in several cases) than to renewable energies.
- With regard to sustainable transport, the most commonly supported investments are in multimodal transport, intelligent transport systems, urban public transport and cycle tracks, although larger volumes of expenditure can be seen on railways, particularly in Convergence countries and regions.
- Sustainable local and urban development is also reflected in most IQ-Net programmes. Investments in integrated urban or rural regeneration projects account for very significant shares of funding in a number of OPs.

Among the main SD-related investment areas reviewed, the category that receives least attention is the promotion of biodiversity and nature, in part because the rural development programmes under the EARDF will be funding these interventions. On the other hand, support for natural assets and the protection and development of natural heritage does feature more heavily in some IQ-Net programmes.

7.4 Integrating SD in the implementation process

Several broad trends can be identified with respect to management and implementation of relevance to SD.

- First, building on experiences from the 2000-06 programme period, there is increasing effort to define more clearly what is meant by SD and what sort of tangible impact projects could be expected to have.
- Second, setting clear SD-related criteria and providing guidance for applicants has informed the design of projects and should facilitate processes of project selection, monitoring and evaluation. The aim is to introduce SD considerations into projects at the earliest possible stage and to provide a foundation for integrating SD throughout all programme stages.
- Third, given the complex, multi-faceted nature of SD, monitoring its impact remains challenging. Programme managers are attempting to overcome these obstacles by developing more detailed and sophisticated indicators, drawing on expert advice and domestic and international frameworks and guidance, focusing on particular SD themes (notably environmental sustainability).
- Fourth, most programmes plan to launch thematic evaluations of SD-related issues during the programme period.
- Finally, OPs are maintaining or extending their use of partnership structures in implementation as a means of informing the SD-content and also as a way of increasing knowledge and awareness of the issue. However, in some cases there may be a limited number of partners with the capacity to participate. Elsewhere, changes in programme management arrangements may have reduced the scope for partnership working.

8. ANNEX

Table 1: Energy, environment protection and risk management

Austria	P1 Regional competitiveness and innovation: Development and application of innovation in eco-technologies and energy technologies. P2 Attractive regions and competitive enterprise locations: support for renewable resources and nature management, energy saving and renewable energies, and risk prevention and management.
Belgium	N/A: Separate sub-national strategies
Czech Republic	P3 Attractive environment: Measures focused on the improvement of air quality (reducing the exposure of inhabitants to emissions and noise) and on environmentally friendly water management (especially the construction of wastewater treatment plants, water and sewerage systems and flood control systems). In addition, interventions are aimed at reducing energy consumption, maximization of energy and material efficiencies and increasing awareness of the need for energy management.
Denmark	
Finland	P1 promotion of businesses: support for the development and use of renewable energy sources and innovations linked to energy efficiency (particularly wind power and biomass, as well as testing and product development activities). P4 Improving regional accessibility and business environment: environmental and cultural projects, which contribute to the attractiveness of the region, particularly tourism.
France	P4 Environment, risk prevention and energy: Convergence P4 'Preservation of the environment for sustainable development' intervenes in the following areas: natural risks, technologies, tackling pollution and environmental protection; improvement of water management and treatment; and the development of renewable energies. In RCE regions, a general objective is to support the formulation/implementation of sustainable development strategies, e.g. including the domains of renewable energy, environmental protection and risk management. A specific priority will support 'environmental protection, risk prevention and energy policy' through a diverse set of interventions. In addition, under the business development priority, support will be offered for non-polluting technologies, environmental protection and management practices.
Greece	P1 Investment in the productive sector of the economy: reinforcing the environmental performance of firms, developing entrepreneurship connected to environmental products/services, promoting environment-friendly technologies, and promoting environmental protection in industrial agglomerations. P5 Attractiveness of Greece and of the Regions: a range of interventions in relation to: the rational management of soil systems; the management of water resources and the marine environment; achieving and maintaining air and noise quality standards; tackling climate change; risk management; and sustainable management of the natural environment. A second objective aims to 'implement effective environmental policies' by creating or improving environmental mechanisms and administrative bodies, and mobilising civil society around issues of environmental protection.
Germany	Support for increased use of renewable energies (CONV P1 Innovation, R&D, education, RCE P1 Knowledge-based, innovation-oriented development); Use of environmental innovations, and increased energy and resource use efficiency (CONV P2 Business competitiveness, RCE P2 Knowledge-based, innovation-oriented development); Risk prevention, notably flooding (CONV P3 Infrastructure for sustained economic growth; RCE P3: Reducing regional disparities and enhancing specific regional potential through sustainable regional development); Optimisation of environmental infrastructure and improvements to risk management (CONV P3 Infrastructure for sustained economic growth); Re-use of brown field / waste land; Improvements to water, air and noise quality (P3 Infrastructure for sustained economic growth; RCE P3: Reducing regional disparities and enhancing specific regional potential through sustainable regional development). [delete Priority title if already stated??]
Italy	P3 Energy and environment (sustainable and efficient use of resources for development): With regards to climate change and energy, Interventions will focus on promoting renewable energy, efficiency and management of energy, information and citizen participation. Promotion of targeted research and eco-innovation will be supported under P2 (Research and innovation promotion for competitiveness); In terms of conservation and management of resources, P3 will also support various interventions on efficiency and management of water, monitoring and prevention activities, soil management and protection, prevention of natural risks, waste management. Lastly, P.7 (Competitiveness of the productive system and employment) will promote targeted technology and product innovation, diffusion of environmental certification, and the prevention and mitigation of pollution derived from productive activity.
Poland	P3: Establishment and modernisation of technical and social infrastructure: interventions to support diversification in energy sources, including raising the share of renewable energies, limiting negative pressure of the energy industry on the natural environment by reducing pollution at source and increasing the efficiency of use, and the development of environmental infrastructure. HP5: Increasing the competitiveness of Polish regions: interregional cooperation programmes will support the enhancement of environmental protection and tackling threats.
Portugal	P1 Sustained growth: Stimulating the enhancement of business behaviour with efficient management of natural resources and of social responsibility in mind; P3 Development of the territory and cities: the control of air quality and the minimisation of the effects of emissions of atmospheric pollutants, the protection and sustainable use of water resources, the promotion of renewable energies and the prevention and mitigation of natural and technological risks.
Slovenia	P4 Ensuring conditions for growth by providing sustainable mobility, improving quality of the environment and infrastructure: types of interventions are specified in OPs
Spain	P3 Environment, sustainable development, risk prevention (P3 CONV, P2 RCE): A series of interventions to improve the management and use of water resources and air quality, and the treatment of waste in urban areas. Measures to combat soil erosion and hydrological rehabilitation interventions in response to climatic challenges. P4 Transport and Energy (P4 Conv, P2 RCE): interventions to improve energy efficiency and the development of renewable energy technologies. In Convergence regions, interventions will also cover traditional energy sources to develop networks where there is market failure. P2 Business development and innovation (P2 Conv, P1 RCE): support for eco-innovation to guarantee sustainable development through the application of new techniques/technologies that are more respectful of the environment and the utilization of natural resources.
Sweden	P1 Innovation and entrepreneurship: Exploit the opportunities created by the sustainable use of natural resources, e.g. by promoting development and greater use of renewable energy sources; and use changing to a more sustainable energy system as a driving force for developing technology, products and services; P4 Strategic Cross Border Cooperation: Promote closer cooperation on environmental issues in the Baltic and the North Sea; Horizontal territorial dimension: cooperation between Norra Norrland and Mellersta Norrland on renewable energy.
UK	P3 Environmental and Community Sustainability: The priority aim to a significant contribution to environmental sustainability, promoting sustainable development, production and consumption, particularly by supporting innovation and adaptability in the use of natural resources and by promoting low carbon energy efficiency.

Table 2: Nature protection and bio-diversity

Austria	P2 Attractive regions and competitive business locations offers scope for interventions on nature management
Belgium	N/A: Separate sub-national strategies
Czech Republic	P3 Attractive environment: Under the priority on nature and landscape improvements, support will be provided for biodiversity actions.
Denmark	
Finland	Priority 4 Improving regional accessibility and business environment: support for the improvement and diversification of natural (and cultural) attractions, such as nature protection zones and Natura 2000 sites.
France	Conv P2 Environment protection for the benefit of sustainable development: With regards to biodiversity, the general aim is to ensure its sustainable management: categorise, study, conserve and develop/ promote biodiversity rich in animal species and vegetation. RCE P4 Environmental protection and risk prevention in the context of sustainable development: Guarantee the protection of distinctive nature sites through the setting up of infrastructures linked to biodiversity and Natura 2000, contributing to sustainable economic development and the diversification of rural and coastal areas; increase awareness and inform the public on environmental challenges; ensure the knowledge, preservation, restoration and promotion of environments of ecological interest and distinctive landscape and that normal nature is in line with the national biodiversity strategy; and ensure the protection of the coast against erosion and the pressures of human activity.
Germany	Support for Natura 2000 sites (CONV P3 Infrastructure for sustained economic growth, RCE P3 Reducing regional disparities and enhancing specific regional potential through sustainable regional development); Expand in new fields of activity e.g. tourism and nature protection (RCE P2 Strengthen entrepreneurship).
Greece	P5: Attractiveness of Greece and of the Regions as places to invest, work and live: The objective of sustainable management of the natural environment focuses on the creation of a coherent, organised and functional network of protected areas. This will be accomplished by protecting biodiversity, by improving the condition of the habitats and populations of threatened and endangered species, the preservation of ecological interest areas, the protection and promotion of natural landscapes of high aesthetic value, integrated development and environmental planning in protected areas, and a participatory model of planning and management of protected area.
Italy	P5 Promotion of natural and cultural resources to enhance attractiveness and development: Interventions to promote the ecologic network, to reinforce planning and management instruments, to support pilot project and to promote environmental brands and certification for enterprises located in protected areas.
Poland	P3: Development and modernisation of technical and social infrastructure: limit degradation of the natural environment and losses of biological resources by enhancing the ecological awareness of society, supporting natural habitats and development processes for protected areas and preserving ecological "corridors". P5 Increasing the competitiveness of Polish regions: Utilising the unique natural environment of Eastern Poland voivodships.
Portugal	P3 Development of the territory and cities/territorial enhancement agenda: preservation and enhancement of nature and biodiversity through interventions aimed at the sustainable management and use of natural resources, the management of species and habitats, and the promotion of eco-efficiency and the enhancement of the coast. Of particular note are the integrated activities aimed at maintaining eco-systems combined with the monitoring of certain areas (especially marine areas).
Slovenia	P4 Ensuring conditions for growth by providing sustainable mobility, improving quality of the environment and infrastructure and P5 Promotion of balanced regional development: types of interventions are specified in OPs
Spain	P3 Environment, sustainable development and risk prevention (P3 CONV, P2 RCE): A range of specific interventions are foreseen for the promotion of biodiversity and nature protection, including: correcting infrastructures that endanger protected bird species, restoration and improvement of the habitats of endangered species, the construction of centres for the breeding of highly endangered species, the construction of centres for the conservation of genetic material for non-forestry flora, the construction of environmental educational centres in the Natura 2000 network, resources for the monitoring of marine life etc. A sum of €300m has been earmarked for Natura 2000 sites.
Sweden	P1 Innovation and entrepreneurship: protect natural environments, culture and cultural heritage in the development of innovative environments; encourage ongoing development of business based on natural environments, culture and cultural heritage to promote socioeconomic development; and encourage continued development of natural and cultural tourism. P4 Strategic Cross Border Cooperation: cross-border cooperation on sustainable and innovative use and development of natural resources, culture and cultural heritage.
UK	Scope for supporting projects involving Natura 2000 sites where there are clear socio-economic benefits.

Table 3: Sustainable transport

Austria	P2 Attractive regions and competitive enterprise locations: Increasing the share of environmentally friendly transport means (railway, waterway transportation) and promoting innovation in the field of optimisation of traffic flows
Belgium	N/A: Separate sub-national strategies
Czech Republic	P3 Attractive environment: Interventions are focused on the support of development of more environmentally friendly means of transport (i.e. in particular rail transport), implementation of intelligent transport and traffic management systems, increasing the share of railway transport, the development of inter-modal transport, developing and modernising public transport, and promoting integrated urban transport systems
Denmark	
Finland	P4 Improving regional accessibility and business environment: support for ecologically and socially sustainable transport connections through interventions in logistics.
France	In Convergence regions, environmentally friendly modes of transport will be promoted at the local level (i.e. that minimise congestion, pollution and noise). In RCE regions, the onus is on supporting sustainable development strategies, which will also cover the area of sustainable transport. More directly, a specific priority aims to 'Develop alternative transport modes for individuals and economic activities' (P5) through the promotion of collective urban transport modes as well as multi-modal transport.
Germany	Interventions are planned to promote more environmentally friendly transport at regional level (CONV P3 Infrastructure for sustained economic growth).
Greece	P5 Attractiveness of Greece and of the regions as places to invest, work and live: Interventions under the objective of developing and modernizing physical infrastructures and transport services include: the completion of the Trans-European Road Network; developing combined transport and reinforcing the inter-modality of the transport system; and connecting the regions with the trans-European networks. P5: Attractiveness of Greece and of the Regions as places to invest, work and live: key objectives include raising the geo-strategic role of Greece in the international energy map (by increased international integration in the electricity, oil and gas transport networks) and reducing oil dependence in an environmentally friendly way (through the promotion of renewable energy sources, improving energy efficiency and the promotion of energy saving measures, R&D in innovative energy technologies, and the rational management of fossil fuels).
Italy	P6 Transport networks and links and P8 Competitiveness and attractiveness of cities and urban areas: The key priority is to develop transport networks and links, particularly the Trans-European Network corridors. Interventions will also target the reduction of pollution derived from road transport, promoting sustainable transport modes, and support for ITS (intelligence transport systems) and information mobility.
Poland	P3 Development and modernisation of technical and social infrastructure: infrastructure to link major cities with road and rail connections, especially on TEN-T networks; promotion of intermodal transport; ensuring efficient public transport in populated areas; the introduction of 'clean' municipal transport; and the promotion of environmentally balanced transport systems, through the introduction of integrated systems of road traffic management, the creation of integrated transport centres and integrated development plans for municipal transport, support for rail transport and 'intelligent transport systems'. P5 Increasing the competitiveness of Polish regions: With regards territorial cooperation, transnational programmes will focus on issues of strategic relevance, such as balanced transport networks.
Portugal	P3 Development of the territory and cities/territorial enhancement agenda: interventions aimed at overcoming the poor inter-modality of the transport system, modernization of the rail network (by developing light rail systems) and the promotion of public transport. In particular, the "Portugal Logistics" Plan aims to create a national network of 11 multimodal logistics platforms and 2 air freight centres in conjunction with processes that foster the territorial reorganisation of activities that generate movements of goods, promote intermodality by reinforcing the cheapest and most environmentally sustainable means of transport, and promote technological innovation in the running of similar services.
Slovenia	P4 Ensuring conditions for growth by providing sustainable mobility, improving quality of the environment and infrastructure: types of interventions are specified in OPs
Spain	P4 Transport and Energy (Conv P4, RCE P2): The priority focus will be on the Trans European Transport Networks' (TEN-T) projects, both in road and rail communications, as well as the motorways of the sea. The development of multi-nodal transport also has a significant presence in the NSRF. In Convergence regions, large infrastructures will continue to be funded, while the focus of RCE interventions will be on secondary networks and supporting freight transport services.
Sweden	P4 Strategic Cross Border Cooperation: Cross border cooperation on transport in the Baltic sea, e.g. motorways of the sea.
UK	

Table 4: Sustainable urban development

Austria	P2 Attractive regions and competitive enterprise locations: Integrated and sustainable spatial development policies that employ spatial planning as well as innovation-and process-oriented instruments of regional development; urban waste management.
Belgium	N/A: Separate sub-national strategies
Czech Republic	P4 Balanced territorial development: Support for integrated projects aiming at revitalization and change of functional use of selected urban zones, transport and/or environmental management in towns (through Integrated Urban Development Plans). Interventions focused on brownfields, prevention of socially disadvantageous environment and revitalization of panel housing estates in urban areas are also foreseen in the NSRF.
Denmark	
Finland	
France	P5 Sustainable development throughout the territories: In Convergence regions, P3 on 'social and territorial cohesion' will promote local and regional urban development strategies following an integrated approach and involving partnership working. Under RCE P3 ('Territorial dimension of cohesion and sustainable development) there are two main policies relating to urban issues: 1) Urban development policy, which takes into account both sustainable urban development and management and competitiveness of European cities on the global scale 2) Policy addressed to the populations and districts in difficult situation in order to integrate them into the normal social, economic and urban operation.
Germany	CONV P3 Infrastructure for sustained economic growth: Sustainable urban development including in urban problem areas and in relation to demographic change. RCE P3 Reducing regional disparities and enhancing specific regional potential through sustainable regional development: leveraging the inherent potential of urban and rural space, as well as border regions.
Greece	Under the territorial priority of sustainable urban development, the strategic development of urban centres will be pursued involving a combination of the following principles/elements: polycentricity; the reinforcement of networking; the improvement and development of infrastructure and the reduction of urban sprawl; the sustainable development of cities (increased green areas and common areas, integrated urban facilities/infrastructure, urban renewal, networks of pedestrian and bicycle zones, reduction of household waste); tackling social problems in urban centres; and the improvement of information on developments in urban centres (i.e. through an observatory).
Italy	P8 Competitiveness and attractiveness of cities and urban areas: the general objective is to promote competitiveness, innovation and attractiveness in cities and the urban network through the promotion of advanced services, improvements in the quality of life and integration into networks.
Poland	P5 Increasing the competitiveness of Polish regions: Limiting the high concentration of internal ecological problems in the largest urban centres; developing the endogenous potential of major urban centres; and addressing the marginalisation and peripheralisation of problem areas through revitalisation measures and programmes, including the renovation of housing in degraded areas.
Portugal	P4 Ensuring the development of the territory and cities/territorial enhancement agenda: a coherent and diverse set of interventions which aim to qualify and revitalise the city districts through an inclusive functional model that promotes cohesion, is adjusted to peoples' needs, is sustainable and which promotes the mobilization and participation of citizens. Key interventions include integrated re-qualification and reinsertion actions in critical and peripheral neighborhoods, actions to regenerate and re-functionalize areas which have been abandoned or have become obsolete and integrated actions to economically enhance areas of notable urban value (historical centres, shopping areas and areas of major potential for constituting new centres).
Slovenia	P5 Promotion of balanced regional development: types of interventions are specified in OPs
Spain	P5: Local and urban sustainable development (CONV P5, RCE P5) Two schemes are planned at national level. The first applies only to Convergence regions and provides support for integrated urban or rural regeneration projects across several domains, e.g. the promotion of the information society and new technologies, the diversification of the productive structure, improving the quality of the environment, the protection and preservation of cultural heritage etc.. Drawing on the experience of the URNBAN Community Initiative, the second scheme applies to the whole country and will support innovative and integrated urban projects which contribute to sustainable development in larger municipalities and provincial capitals.
Sweden	Horizontal territorial dimension: interventions to promote local development initiatives in areas which experience isolation, to promote increased integration and to encourage cooperation and sharing experience with other cities in Sweden and internationally.
UK	P3 Environmental and Community Sustainability: Building sustainable communities by helping to improve the growth and productivity of local economies with a focus on the needs of deprived areas, helping to increase access to employment and public services and increasing the attractiveness of areas suffering from severe social, economic and environmental degradation.



Improving the Quality of Structural Funds Programming through Exchange of Experience

IQ-Net is a network of Convergence and Regional Competitiveness programmes actively exchanging experience on practical programming issues. It involves a programme of research and debate on topical themes relating to Structural Funds programme design, management and delivery, culminating in twice-yearly meetings of members. IQ-Net was established in 1996 and has successfully completed three periods of operation: 1996-99, 1999-2002 and 2002-07. A new phase was launched on 1 July 2007 (Phase IV, 2007-10).

IQ-Net Meetings

Twenty-two partners' meetings and a special 10th anniversary conference have been held in nine European countries during 11 years of operation of the Network. Meetings are held at approximately six month intervals and are open to IQ-Net partners and to observers interested in joining the Network. The meetings are designed to facilitate direct exchange of experience on selected issues, through the presentation of briefing papers, plenary discussions, workshop sessions and study visits in the hosting regions.



IQ-Net Website

The IQ-Net Website is the Network's main vehicle of communication for partners and non-partners alike (www.eprc.strath.ac.uk/ignet). The launch of Phase IV has been accompanied by an extensive redesign of the site which comprises two sections:



Partner Intranet Pages available exclusively to IQ-Net members.

Public Pages which provide information on the Network's activities and meetings, allow the download of IQ-Net Reports and Bulletins, and provide a news section on issues relevant to the Network.

The Partners' section of the website provides exclusive services to members of the Network, including access to all materials prepared for the IQ-Net meetings, a constantly up-dated list of EU27 links (programmes, institutions, economics and statistics etc.), partners' contact details, a partners' blog and other items of interest.

IQ-Net Reports

The IQ-Net Reports form the basis for the discussions at each IQ-Net meeting. They present applied and practical information in a style accessible to policy-makers, programme executives and administrators. The reports can be downloaded, at no charge, from the IQ-Net website. To date, around 30 thematic papers have been produced on both 'functional issues' (e.g. management arrangements, partnership, information and communication,

monitoring systems) and ‘thematic issues’ (e.g. innovation, enterprise development, tourism). A similar number of papers have also been produced to review developments in the implementation of the Network’s partner programmes.

IQ-Net Thematic Papers

- Making sense of European Cohesion policy: 2007-13 on-going evaluation and monitoring
- Turning ideas into action: the implementation of 2007-13 programmes
- The New Generation of Operational Programmes, 2007-2013
- National Strategic Reference Frameworks and OPs, 2007-2013
- Preparations for the Programme Period 2007-13
- Territorial Cohesion and Structural Funds
- Cohesion Policy Funding for Innovation and the Knowledge Economy
- The Added Value of Structural Funds
- Information, Publicity and Communication
- Mid-term Evaluation of the 2000-06 Programmes
- Mainstreaming Horizontal Themes into Structural Fund Programming
- The Structural Funds: Facilitating the Information Society
- Information into Intelligence: Monitoring for Effective Structural Fund Programming
- At the Starting Block: Review of the New Programmes
- Tourism and Structural Funds
- Preparations for the New Programmes
- The New Regulations and Programming
- Strategic Approaches to Regional Innovation
- Effective Responses to Job Creation
- The Evolution of Programmes and Future Prospects
- Equal Opportunities in Structural Fund Programmes
- The Contribution of Meso-Partnerships to Structural Fund Implementation
- Regional Environmental Integration: Changing Perceptions and Practice
- Structural Fund Synergies: ERDF and ESF
- The Interim Evaluation of Programmes
- Monitoring and Evaluation: Principles and Practice
- Generating Good Projects
- RTD and Innovation in Programmes
- Managing the Structural Funds - Institutionalising Good Practice
- Synthesis of Strategies 1994-96

IQ-Net Bulletin

The IQ-Net Bulletin promotes the dissemination of the Network’s activities and results. Thirteen issues have been published to date, over the period from 1996 to 2007. Bulletins are published using a standard format, with each providing summaries of the research undertaken and reports on the discussions which take place at IQ-Net meetings. The Bulletins can be downloaded from the IQ-Net website (public pages). A printed version is also sent out to the IQ-Net mailing list.



Admission to the IQ-Net Network is open to national and regional Structural Funds Managing Authorities and programme secretariats. For further information or to express an interest, contact Professor John Bachtler (john.bachtler@strath.ac.uk) or Laura Polverari (laura.polverari@strath.ac.uk).