5 steps to a Budget for a United and Sustainable Europe

The energy transition is a driver for European Cohesion. The energy transition is not an adjustment variable for the budget of the European Union but on the contrary, it is an essential part of the solution that maximises its impact and creates additional revenues. It is a driving force that brings benefits across all sectors and for all levels of society through the creation of sustainable jobs and investment opportunities, the improvement of health and the quality of life and by addressing social inequalities.

The added value of European Union’s financial programmes is made tangible through local and regional initiatives. Local and regional initiatives show that cohesion policy is both a catalyst for investment and a means for beneficiaries to raise their ambitions and take ownership of the European objectives, specifically those of the Energy Union.

The accessibility of funds is a prerequisite for effectiveness and efficiency. Current rules and processes remain prohibitive for local and regional authorities, and organisations who are seeking to finance their Climate and Energy actions plans. Looking at procedures from the point of view of potential beneficiaries should be a core principle for the simplification process.

Complementarity of funding programmes can be achieved through common frameworks and local and regional platforms. Mutualising research and innovation efforts in Europe, and up-scaling investments in sustainable energy, can only be achieved through harmonised financial programmes and territorially anchored platforms with the aim of aggregating projects, interacting with various EU financial programmes and initiatives, and ensuring a reliable interface between investors, project developers and citizens.

Financial programmes must be made available for all levels and scales. Research and innovation programmes should be specifically structured so as to enable local and regional level activity, and must continue to enable coordination and networking activities, dissemination and use of knowledge.
FEDARENE is the premier European network of regional and local organisations which implement, co-ordinate and facilitate sustainable energy and environment policies. As such, we consider the debate on the post-2020 Multiannual Financial Framework (MFF) as an opportunity to address the weaknesses of the European Union's approach to funding, and together achieve our vision of a united and sustainable Europe.

Currently, Europe is facing considerable challenges on a national and global level, including economic inequalities, terrorism, climate change and natural disasters. The next EU budget is Europe's chance to prove it stands together in meeting these challenges head-on. In the light of the Paris Agreement and the ‘Clean Energy for all Europeans’ package, it is also Europe's moment to firmly establish its leadership in tackling climate change and undertaking the energy transition. Achieving these goals will require member states, regions, municipalities and citizens to work together. We believe that the European Union and the constructive cooperation of its members is the only way to fight climate change effectively, to achieve higher common standards for a modern low-carbon economy, and to assure a sustainable future for all.

Common objectives call for common commitments. The members of FEDARENE commit to supporting the European vision with their resources, and by cooperating with European partners within and outside of the association. We will continue to:

• share knowledge and experience, and join forces for the sake of a peaceful, united and sustainable Europe which sets an example with regard to energy efficiency and renewable energy as well as environmental and climate protection;
• support regions and municipalities to act as a role model for their inhabitants, be it in terms of energy transition, climate action or of supporting solidarity amongst different groups of society in the European context;
• bring the idea of Europe to the regions and municipalities and the ideas of regions and municipalities to Europe;
• promote and bring forward the Energy Union.

The MFF must have the capacity to achieve the European Union's Leaders' own commitments, which include “to promote economic and social progress for their peoples, taking into account the principle of sustainable development and within the context of the accomplishment of the internal market and of reinforced cohesion and environmental protection, and to implement policies ensuring that advances in economic integration are accompanied by parallel progress in other fields”². To this end, we support the European Parliament's call for a significant increase of climate-related spending compared to the current MFF, suggesting that it should reach 30 % as soon as possible, and at the latest by 2027³.

Regions and cities across the EU count on the catalysing effect of the EU budget to stimulate the necessary additional private and public investments and achieve their long-term Climate and Energy targets.

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1 Berlin Declaration of FEDARENE – Stand Together for a United Europe, June 2017
2 Preamble of the Treaty on European Union
SUMMARY OF RECOMMENDATIONS

I. A UNITED EUROPE – DRIVEN BY A STRONG COHESION POLICY

The energy transition is a driver for European Cohesion.

As the cohesion policy aims to achieve the overall harmonious development of the EU, notably through reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions, local and regional authorities are also witnessing how the energy transition creates jobs and investment opportunities, and how it supports the transition to low-carbon industries and creates a friendly environment for innovative enterprises. Investing in the energy transition improves health and the quality of life, reduces energy poverty and in general addresses social inequalities. The energy transition is for all intents and purposes a structural pillar of the cohesion policy.

◆ There should be no reduction in cohesion policy funds, nor dilution of the key focus and principles of these programmes, to maintain a strong focus on reducing inequalities between regions. The emphasis should be strengthened on the energy transition as a structural pillar of the cohesion policy that provides solutions to the multiple policy challenges of the European Union.

The added value of EU’s financial programmes is made tangible through local and regional initiatives.

Cohesion policy supports overcoming barriers in the field of energy transition, in achieving a reduction in carbon dioxide emissions, alleviating energy poverty and ensuring security of energy supply. Over the years, ESI Funds have contributed to mobilising investments in the low carbon economy, which would be very difficult for many regions to achieve without this assistance. Indeed “small organisations, municipalities and actors with less institutional capacity have been given incentives to place themselves in bigger contexts, cooperate and take on the EU's objectives. Municipalities and regions have been linked up with the European project, which has given the EU greater legitimacy at local and regional levels”\(^4\). Exemplary local and regional initiatives in the area of sustainable energy\(^5\) highlight how beneficiaries take ownership of the European objectives and engage meaningfully in achieving common goals.

◆ European and National representatives must remember that the cohesion policy is not only a catalyst for investment but also a means for beneficiaries to raise their ambitions and take ownership of the European objectives, specifically those of the Energy Union.

\(^4\) Added value of the EU Cohesion Policy in Northern Sweden, Europaforum Norra Sverige, [www.europaforum.nu](http://www.europaforum.nu)

The ex-ante conditionality instrument seems to be a useful self-assessment tool for Member States and provides an incentive to implement structural changes and systemic policy reforms, but the conditions sometimes lack clarity, and their fulfilment criteria would benefit from additional detailing and quantifiable targets. A more specific requirement might be made in relation to effective linkages with the Integrated National Energy and Climate Plans which Member States will be required to develop in accordance with the proposed “Regulation on the Governance of the Energy Union”.

- Ex ante conditionality fulfilment requirements should be set out more clearly, and cover a broader range of relevant conditions, with particular reference to climate and energy plans.

The accessibility of funds is a prerequisite for effectiveness and efficiency.
Experience from different countries has highlighted that not all national and regional bodies are effective at managing ESI Funds or the European Territorial Cooperation programmes. Administrative processes are confusing and over-complicated with the effect of restricting access to local and regional actors. In general, access to structural funds is administratively very onerous for beneficiaries, and the costs and time involved in participating can cause serious problems for smaller authorities and organisations. Initiatives such as the Smart Specialisation Platform, Taix Regio Peer 2 Peer, the Energy and Managing Authorities Network and JASPERs are trying to build the skills and strategies of the managing authorities and share best practices in this domain. However, while their activities are converging, these initiatives do not appear to be complementary, or to be exchanging knowledge with each other. Managing Authorities should also be encouraged to learn from each other and be open to external experts, notably in highly specialised areas such as sustainable energy.

- Rules and procedures relative to the management of ESI funds should be reviewed, simplified and harmonised. Looking at processes from the point of view of potential beneficiaries should be a core principle for the simplification process. Capacity building support, technical assistance and sharing of best practices should be multiplied and made complementary to ensure effective and efficient management of ESI funds by national and regional bodies with this responsibility. Learning from the current period should be utilised to improve and enhance the provision of this support.

The programming and implementation of cohesion policy would also benefit from a closer consideration of the partnership principle and its multi-level approaches, as detailed in the European code of conduct on partnership in the framework of the European Structural and Investment Funds. The success of the Covenant of Mayors is a testimony to the great potential opened by multilevel dialogue and partnerships.

- Successful local and regional policies across Europe have demonstrated that applying the Partnership Principle is not merely an ideal, but a necessary approach for effectively managing financial programmes. This principle should be made binding for Managing Authorities and its fulfillment should be evidenced during the implementation period.

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6 Article 5 of the Regulation (EU) No 1303/2013 of 17 December 2013 laying down common provisions on the European Structural and Investment Funds. In accordance to the European Code of Conduct on Partnership, the partnership principle “implies close cooperation between the Commission and public authorities at national, regional and local levels in the Member States, social partners and organisations representing civil society”.
II. A SUSTAINABLE EUROPE - FOR ALL, AND BY ALL

Complementarity of funding programmes can be achieved through common frameworks and local and regional platforms.

The topics of the Horizon 2020 programme are similar with other centrally managed programmes and are all complementary to the cohesion policy. However, their administrative processes are very different. There are practical barriers to actually realising the combination of funds which need to be addressed if we are to maximise accessibility and realise the benefits of the complementarity of these programmes.

◆ A common framework and common procedures should be sought for Horizon 2020 and other centrally managed Union programmes in the areas of research, innovation and market facilitation. In order to achieve “coordination and synergies between ESI funds and other union policies and instruments”[^7], the next MFF should support the creation of local and regional investment platforms to aggregate projects, interact with various EU financial programmes and initiatives, and ensure a reliable interface between investors, project developers and citizens.

Financial programmes must be made available for all levels and scales.

It is notable that in moving from the Intelligent Energy programme to Horizon 2020, there was a shift towards favouring activities involving national organisations and a reduction in opportunities for local and regional participants. While this is understandable in terms of achieving quantitatively significant results, we consider that it risks ignoring an important element in action on sustainability. Even in the simpler and more accessible Horizon 2020 programme, the timeframes and requirements for fixed and specific outputs leaves gaps in provision.

◆ Research and innovation programmes should be specifically structured so as to enable local and regional level activity, and not directed only at the national level. A small projects fund for action on sustainable energy should be established, with quick and simple access for near future actions.

The concrete implementation of clean energy strategies and the rolling out of green solutions also require projects that place citizens at the centre of the energy transition, and that help structure the demand and supply for sustainable energy solutions through raising awareness, the study of social behaviour and the development of local and regional governance frameworks. Financial programmes supporting these projects are also crucial for sustaining the ambitions of local and regional authorities and their agencies, who are playing a decisive role in tackling climate change.[^8].

◆ Financial programmes enabling coordination and networking activities, dissemination and use of knowledge as well as stakeholder mobilisation remain instrumental for achieving the energy transition. The designing of the next research and innovation framework programme (FP9) will need to take these facts into serious consideration.

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[^7]: Such synergies are encouraged both by legal provisions laying down common provisions on the ESI funds and by the ones establishing Horizon 2020.