

“Cohesion policy and climate protection”

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Climate change does not respect political or administrative borders. This is a shared challenge and requires a shared response. And this is also a well known fact of life.

Europe's climate change policy will guide Europe's transition to low carbon economy. It also provides growth opportunities for innovative companies and industries. This process of change implies costs and structural change. It does not happen by itself. It requires strategies, policies and integrated approaches. Diversity of situations requires tailor made programs and actions in many policy areas and all levels of governance.

The question on what kind of growth is desirable if we want to adapt to and mitigate climate change is legitimate. There are convincing studies showing that benefits of strong and urgent actions on climate change far outweigh economic costs of non-action. In the context of the crisis, it is legitimate to ask whether massive fiscal stimulus packages allow us to integrate sustainability in the core growth objectives. To achieve this a strengthened integrated approach, engaging all stakeholders at all levels of governance is needed.

Climate proof growth will not occur without regional and local actors being involved. The very nature of challenge, the specific situations in terms of

natural conditions and asymmetric climate change impacts, the need to prepare place based integrated responses engaging research, awareness raising, proximity of indispensable partners, social pressure and policy tools available at regional and local levels contribute to efficiency and effectiveness of their responses. These sub-national responses should play their role alongside European and national efforts. Climate battle will be lost or won in regions and cities. 85% of our citizens see climate change as a priority. 170 mln Europeans live in regions where climate impact will be particularly severe. Responses cannot be remote when droughts, floods, coastal erosion, pollution, water accessibility happen around the corner, when industries which would face significant cost increases due to higher carbon price are territorially concentrated.

Climate change also provides important economic opportunities. We are on the eve of a new industrial revolution and, as in the 19th century where Europe led the way to our industrialised societies, the winners will be those that anticipate and go in the lead. The competitiveness of the European economy will be determined by the progress that we make towards a sustainable economy built on resource and energy efficiency. Europe can gain a competitive edge through innovation related to resource efficient technologies. This will be a sound basis for sustainable jobs today and in the future.

There are already economic benefits of a low-carbon economy for Europe. We can see it in particular in the field of energy. Addressing climate change through energy related actions will bring important economic benefits to Europe. It will cut Europe's oil and gas imports, thereby increasing energy security and reducing our import bills. It will bring significant health benefits and other cost savings through lower air pollution. An ambitious EU climate policy will also stimulate economic growth and job creation through innovation in what are important markets for the future: wind turbines, carbon capture and storage, smart grids, efficient cars, solar heating and cooling, and passive houses, to name but a few. Using resources and energy efficiently is essential for Europe's future competitiveness.

Cohesion policy and climate change

But the impact of climate change is felt in many economic sectors and requires a policy response which integrates sectoral objectives within one framework. This need of integrated approach takes me to the role of Cohesion Policy in supporting regions in their effort to cope with the climate change.

As you know the objective of Cohesion Policy is facilitate growth enhancing condition to supporting their competitive growth in a sustainable way. Regions and territories are exposed to different climate change events and to various degrees; these climate risks may increase existing disparities or even create new ones.

No one is sure of how exactly these risks will materialise on a given territory in the course of the next 50 to 100 years; but what is sure is that the costs of acting now to prepare regions to cope with them, in an efficient way, is far less than the costs of the non-action.

Cohesion policy has been assisting regions to meet these challenges in various ways.

First, the specific cohesion policy approach of multilevel governance has encouraged the consultation of all interested parties in the Member States and regions in the preparation of the Cohesion programmes. Prior to their adoption, all programmes have been assessed for their environmental impact. Of course, individual projects continue to be assessed in turn too for their environmental impacts. Regional and environmental partners are included in the programmes monitoring and control systems ensuring that local needs and perceived risks are properly taken into account by the programmes.

Nevertheless, while all possible efforts were made, based on the best available information we had at the time of the preparation of the 2007-2013 programmes, recent scientific evidence on the impact of climate change calls for a deeper examination of opportunities for integrating climate change

proofing of investments supported by our policy already during the present programming period. This approach is supported by the results of public consultation on the post 2013 cohesion policy which show that supporting regions to cope with climate change should be one of its top priorities.

Second, cohesion policy has a long history of supporting the protection of the environment and the implementation of the EU environmental policy in the Member States; in the old as well as in the new ones. Compliance with the Community "acquis" in the environmental area is costly and to that end the Cohesion Fund has assisted Member States in meeting their obligations.

Third, there is scope for improving the information to regional and local authorities on the concrete risks of climate change and on what they can do to reduce these risks and limit their impact on people and the economic activity. In particular technical assistance is made available through JASPERS in assisting the EU-12 countries to identify adaptation measures that can be undertaken by regional authorities. Cohesion policy should continue to support these efforts and encourage the exchange of best practices among EU regions and territories exposed to similar risks. This is being done today through the Regions for Economic Change initiative, supported by the INTERREG IV programme.

It is therefore our common responsibility through all levels of governance and partnership to act urgently to prevent the worst consequences of climate change from happening and to minimise the impact of those consequences that we can no longer avoid.

Climate change, you might argue, is of a truly global dimension. Unless tackled at the world level, local action will make no difference whatsoever. While this might be true for the effects of climate change, it is certainly wrong for its causes.

While the powers and responsibilities of regions vary across nations, the everyday choices of these authorities add positively or negatively to the environment, for example, regarding decisions on the use of clean technologies; on heating buildings; on public sector purchasing policies; on

dealing with growing waste; on providing urban and rural transport; or on land use planning.

So let me once more emphasize that notwithstanding the self-evident need for national strategies and concerted action at the global level, I do believe that the local level matters very strongly when it comes to combating climate change.

To start with, local expertise is needed to assess the vulnerability of a region or city to climate change, given its asymmetric impact. Secondly, appropriate measures to adapt to and to mitigate climate change are prepared and implemented locally. Finally, and even more importantly, as I believe that tackling climate change also offers great opportunities, I would like the regions and local actors to benefit fully from these opportunities.

Let me illustrate my general points with an example: year ago I visited in, a town Austria *Güssing* in the south of Burgenland, close to the Hungarian and Slovenian border. Situated at the iron curtain for half a century, the town was cut-off from the post-war prosperity in the rest of the country. They had little resources, just forests - but no cows or sheep - and grass. And one technical secondary school, barely any businesses. Many other regions would have regarded this as weakness but this town managed to turn this into strength. They started with a biomass plant to produce heat and electricity. This led to a research institute for renewable energy, attracting other plants producing solar cells and subsequently the town became a specialised cluster. Within just ten years, they have become one of the leading centres for renewable energy in Europe. Within the next few years they should become energy self-sufficient.

Let me use this example to make some general points.

- First, you need vision, dedication and strong political support at the local level. It was the local actors in the first place who were visionary and then gained wider support for their ideas. They set a clear objective, developed a long-term strategy, believed in it and followed it persistently.

- Second, use local resources and develop them further, in particular local expertise. It is the human resources that make the difference and bear the innovative potential. In *Güssing*, they had wood-chips and local labour. Under the leadership of an engineer who was more than happy to return to his hometown after years of commuting, the local work force became increasingly specialised and knowledgeable in the field of renewable energy. But the local authorities did not stop there, they pro-actively built on these typical diffusion effects. The local authorities launched a vocational training to specialise in solar technology, the “solarteur”.
- Third, regional and local budgets need to reflect the agreed objective. What incurred costs at the beginning, has been generating revenues through both a broader tax base and higher income from direct taxes. The mechanism was straightforward, cheaper energy attracted firms demanding labour, both paying taxes.
- Fourth, ideally have a national or in our case an EU policy supporting such objectives. I will come back to this in a minute.
- Fifth, do not think you cannot make a difference, just because your town is situated in the middle of nowhere and you barely have any resources. I bet there are many other regions in Europe with just grass and wood and a bit of sun. If this small Austrian town can become energy self-sufficient than other towns can, too.

My conviction, based also on experience, has always been that without making regions and cities active partners in climate change adaptation and mitigation efforts, EU will not succeed. All policies and investment must be climate proof. Often what is cost efficient today, can be not viable economically and environmentally if climate change risk is taken into account. These potential risks must be integrated into the design of policy and projects. This requires a strengthened integrated approach at all levels of governance. That is why engagement of all stakeholders at all levels is needed embracing research, industry, private and public consensus, awareness raising, good practice sharing, tools, guidelines, methodologies.

Climate proofing should be done for all relevant policy areas which means that an adaptation check is needed in all policies, all have to undergo it. That means that we will need climate proof check list for different policies. Adaptation aspects should be incorporated in the impact assessment. But this can be achieved only if we are able to translate impacts into economic terms.

Contents of cost and benefits have to change but this has to be well understood and prepared. To tackle this issue properly, we need research that will lead to increased information, identify best adaptation measures, and clarify costs. We need research on understanding, quantification, impacts and risks. I believe maybe we need EIA procedures to be modified to require that all growth must be climate proof. That would mean that climate proofing becomes part of good practise in EIA. For all that to happen we need an effective and continuous dialogue between experts, practitioners, policy makers, civil servants at all levels of European governance. And we count, as usual, on the leading role of the European Council.

The European regional policy has not introduced yet the notion of ecological capital but it has made a clear step in this direction.