

THE EU COHESION POLICY IN RELATION TO THE CHALLENGES OF SUSTAINABLE DEVELOPMENT

Mihaela Kardos, Assoc. Prof., PhD, "Petru Maior" University of Tîrgu Mureș

Abstract. Sustainable development has become one of European Union major political objectives as stated by the EU Strategy of Sustainable Development, a complementary vision for The Lisbon Strategy, aiming to become a catalyst for changing the behaviour of the European society towards sustainability. The EU Cohesion Policy has the potential to be a key tool for supporting the aim of Europe 2020 and to address a wide range of economic, environmental and social objectives, which will finally lead to a human development in the parameters of a sustainable way of living. Given this context, the paper aims to analyse the approaches in which the cohesion policy and sustainable development are put in a relation, the types of determinants and opportunities which connect those two and to identify the sensitive issues that might be strengthened to contribute to better results from the point of a smart, sustainable and inclusive growth and development.

Keywords: cohesion policy; sustainable development, economic, environmental, social objectives; development strategies; sustainability determinants

Introduction

Sustainable development has become the development paradigm of our present society, still in search of the economic growth and the prosperity that protects the environment and leads to quality living of all humanity, in a framework which re-considers human-nature relations.

Sustainable development is today more than a supreme and generalized objective; it is a global strategy, a principle of living. Worldwide, organizations, countries and institutions are striving to think and act accordingly.¹

Given this context, the paper aims to offer some considerations regarding the new determinants of sustainable development within the European Union seen through the perspectives of the Cohesion Policy. The research methodology considers the methods of quantitative and qualitative analysis, synthesis and data interpretation, using bibliographic resources (e.g. books, studies and articles, official documents - strategies and reports).

EU common vision for sustainable development

Sustainable development, mostly known as the development "that meets the needs of the present without compromising the ability of future generations to meet their own needs"², focuses on economic development and environmental protection, as well as on the commitment to advance human well-being and life quality in a society socially acceptable, economically viable and environmentally sustainable, within the ecological limits of the planet.

¹ Kardos, M., *Transnational Partnerships For Sustainable Development In The South-East Of The European Union*, The Annals Of The University Of Oradea. Economic Sciences, Tom XXIII (1), 2014, pp.141-148.

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

Starting with Agenda 21³ (an action plan for sustainable development) in 1992, sustainable development has received a global political dimension, as confirmed by UN Millennium Development Goals, adopted in 2002⁴ and revised in 2012⁵ at the Earth Summits, where world leaders, along with thousands of participants from the private sector, NGOs and other groups came together to tackle issues regarding reducing poverty, advancing social equity and ensuring environmental protection on an ever more crowded planet.

Since the 1992 Rio Earth Summit, the European Union has played a leading role in supporting the objectives of sustainable development. The 1998 Cardiff European Council⁶ reaffirmed the commitment to integrate environmental concerns into other EU policies. Further steps were taken when the EU Sustainable Development Strategy was adopted in 2001⁷, than reviewed in 2006⁸: to set out a single, coherent strategy on how the EU will more effectively live up to its long-standing commitment to meet the seven key challenges (climate change and clean energy, sustainable transport, sustainable consumption and production, conservation and management of natural resources, public health, social inclusion, demography and migration, global poverty and sustainable development challenges), and revised later again in 2009⁹: to point out that despite considerable efforts to include action for sustainable development into major EU policy areas, unsustainable trends persist and the EU still needs to intensify its efforts of sustainable development.

EU Sustainable Development Strategy (SDS) is complementary to Lisbon strategy¹⁰, which has proved to be the European Union's most relevant strategic action and development plan in the last decade, as EU SDS sets the overall framework for short- and medium-term strategies providing the long-term perspective, as well as clear and coherent guidance to all policy areas, while recognizing the role of economic development in facilitating the transition to a more sustainable society, although primarily referring to quality of life, intra- and inter-generational equity and coherence between all policy areas, including international aspects.

³United Nations Conference on Environment and Development (UNCED), *Rio Declaration on Environment and Development*, June 1992.

⁴World Summit on Sustainable Development (WSSD), *The Johannesburg Declaration on Sustainable Development. Resolution 1*, September 2002.

⁵United Nations Conference on Sustainable Development (UNCSD), *Earth Summit 2012*, 2012

⁶Cardiff European Council, *Presidency conclusions*, 15-16 June 1998.

⁷European Commission, *European Union Strategy for Sustainable Development*, 2001.

⁸Council of the European Union, *Review of the EU Sustainable Development Strategy (EU SDS) — Renewed Strategy*, 2006.

⁹Council of the European Union, *2009 Review of the EU Sustainable Development Strategy – Presidency Report*, 2009.

¹⁰Council of the European Union, *Lisbon Strategy*, 2000.

The Europe 2020 strategy¹¹ adopted in 2010 is the EU's new ten-year strategy for growth and jobs and reinforces the priorities to make Europe a smarter, more sustainable and more inclusive place to live: it envisions the transition to smart growth through the development of an economy based on knowledge, research and innovation. The sustainable growth objective relates to the promotion of more resource-efficient, greener and competitive markets, while the inclusive growth priority encompasses policies aimed at fostering job creation and poverty reduction.

The provisions of Europe 2020 are compatible with the long-term sustainable development goals of EU SDS and can be seen as the practical implementation of the EU's overarching policy agenda for sustainable development. In its recent *A decent life for all*¹² communication, the European Commission highlighted the role of the Europe 2020 as building “on the integrative approach initiated by the EU Strategy for Sustainable Development, by contributing to greater coherence, mainstreaming and integration of the three dimensions of sustainable development in EU policies at large”.

Cohesion Policy responses to the challenges of sustainable development

The Cohesion Policy main objective is to reduce economic, social and territorial disparities, providing particular support to less developed regions. Over time, the policy has helped to improve the standard of living and economic opportunities for European citizens by improving skills and employability, increasing access to regions, supporting administrative capacity building, establishing links between research institutions, universities and the business community, and providing services to small and medium-sized businesses.¹³

The nature of Cohesion Policy and its objectives have also evolved in alignment with the overall EU strategies: in the 1990s the focus was on environmental and trans-European transport infrastructure, while in the 2000s Cohesion Policy was targeted towards the pursuit of the Lisbon and the Sustainable Development Strategies for growth and sustainable development.

The link between the Cohesion Policy and the Lisbon and Sustainable Development Strategies was strengthened for the 2007–2013 programming period. New earmarking requirements ensured that a large part of the Cohesion Policy funding went to support projects that contributed to the two strategies, marking a further shift towards aligning Cohesion Policy with the overall policy agenda of the EU. Consequently, there has been a shift of investment away from infrastructure and towards SME support, innovation, more innovative employment and social policies.

The new Cohesion Policy (2014-2020) is fully aligned with the Europe 2020 strategy and its headline targets on employment, research and development, climate and energy, education and the fight against poverty and social exclusion. Sustainable growth continues to be at the core of the Cohesion Policy, although the premises of the new programming period are different from the previous, as a consequence of the global economic and financial crisis

¹¹ European Commission, *Europe 2020 — A strategy for smart, sustainable and inclusive growth*, 2010.

¹² European Commission, *A decent life for all: Ending poverty and giving the world a sustainable future*, 2013, p.6.

¹³ European Commission, *Promoting development and good governance in EU regions and cities, Sixth report on economic, social and territorial cohesion Investment for jobs and growth*, 2014.

that began in late 2007 and led to a strong recession. Its impact was severe and went beyond the economy, affecting many of the social and environmental trends. Europe has been experiencing a time of severe challenges, especially from economic and social points of view (e.g. stagnation and unemployment). In addition, environmental problems are getting more intertwined than ever before.

With a total budget of over EUR 450 billion (including national co-financing) for the 2014–2020, Cohesion Policy is the main investment arm of the EU, in times facing with a triple crisis –environmental, social and economic. At this point in time, it is more important to have a coherent and long-term vision for our future development. But such difficult timing also constitutes an opportunity: if smartly used, the funding can help Europe improve its economic stability and create more jobs in a period of rising unemployment, while at the same time reducing its unsustainable ecological footprint.¹⁴

The 2014-2020 round of the Cohesion Policy is characterised by a concentration of funding, geographically as well as thematic, mirroring closely EU 2020 objectives with their focus on sustainable growth, creating jobs within an inclusive society.

In comparison with the previous round, the number of lines of expenditure under which structural and cohesion funding is spent has been concatenated, partly reversing the proliferation of projects. The eleven thematic objectives for delivering Europe 2020 through ESIF are¹⁵:

1. Strengthening research, technological development and innovation.
2. Enhancing access to, and use and quality of, information and communication technologies.
3. Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector and the fisheries and aquaculture sector.
4. Supporting the shift towards a low-carbon economy in all sectors.
5. Promoting climate change adaptation, risk prevention and management.
6. Protecting the environment and promoting resource efficiency.
7. Promoting sustainable transport and removing bottlenecks in key network infrastructures.
8. Promoting employment and supporting labour mobility.
9. Promoting social inclusion and combating poverty.
10. Investing in education, skills and lifelong learning.
11. Enhancing institutional capacity and an efficient public administration.

Overall, funding provides the largest contribution to supporting SMEs, R&D and innovation, education, low carbon economy, environment, fight against unemployment and social exclusion, to developing infrastructure and to modernising public administration. There are opportunities for achieving greater sustainable growth by fully mainstreaming the sustainable development principles into the day-to-day operation of the programmes and by reviewing and further investing in the priority sectors that contribute to the sustainable growth of EU¹⁶. All investments combined with structural reforms can play a key role in supporting

¹⁴ GHK, *Evaluating the Potential for Green Jobs in the next Multi-annual Financial Framework*, 2011

¹⁵ Brandsma, A. et. al., *Assessing policy options for the EU Cohesion Policy 2014-2020*, Investigaciones Regionales, 29, 2014, pp. 17-46.

¹⁶ European Commission, *Regional policy contributing to sustainable growth in Europe*, 2011.

growth and job creation and in achieving the objectives of smart, sustainable and inclusive growth.

The future we want? Changing weaknesses into strengths

In terms of the Cohesion Policy contribution to sustainable development, there are still many issues to be addressed, opportunities to be transformed into strengths and new approaches to be considered.

- **Economy and human capital - „the greener, the better”**

Due to the wide variety of views on the green economy, UNEP and Rio+20¹⁷ established a common understanding that a green economy is a means to sustainable development. Investment in and a shift towards more green goods and services (e.g. preventing, limiting or correcting environmental damage to air, water, soil) might consequently reduce environmental impacts on the natural environment and the human population now and for future generations. Also, increased attention and investment in human and social capital (e.g. offering social protection or higher quality education) might lessen social inequality, poverty and social exclusion.

With the introduction in the Lisbon Treaty of territorial cohesion as an explicit objective of the Cohesion Policy, a stronger emphasis has been given to sustainability and sustainable growth, while recognizing the importance of moving beyond GDP when assessing development. Moreover, the financial and economic crisis has highlighted main weaknesses and stimulated a search for new ways of development. Thus, one of the directions is oriented towards the greening of economy¹⁸.

Up to now, Cohesion Policy has invested a large share of its funds to green sectors: preserving nature and natural resources, saving energy, helping bring about a shift to a low-carbon economy by expanding renewable energy and green technologies, mitigating and adapting to the effects of climate change and investing in disaster risk management, helping regions to develop and improve their transport infrastructure for higher energy use.¹⁹ It is becoming increasingly important to mainstream environmental considerations under the Cohesion Policy as greening of economies ultimately brings about positive economic impacts.

The European Commission, both in its proposal for the 2014-2020 Budget and in the Europe 2020 Strategy, has clearly highlighted the importance and the feasibility of linking climate, energy, natural resources and employment policies to help deliver a brighter future for the EU's people, economy and environment. In this regard, Cohesion Policy should strengthen its role to assist regions and member states to access green technologies and infrastructure (e.g. preventing pollution, environmental impact assessment, waste processing,

¹⁷ UNEP, *Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication*, 2011; and UN GA, *The future we want*, 2012, pp. 56-74.

¹⁸ Juknys, R., *Sustainability of Economic and Social Cohesion in the Extended European Union and Possibilities of Sustainable Growth*, *Environmental Research, Engineering and Management*, 2 (60), 2012, pp. 3-4.

¹⁹ European Commission, *Promoting development and good governance in EU regions and cities, Sixth report on economic, social and territorial cohesion. Investment for jobs and growth*, 2014.

water management, agricultural standards and sustainable transport) needed for greening all economic sectors.²⁰

The report *Evaluating the Potential for Green Jobs in the next Multi-annual Financial Framework*²¹ reveals that investing in green sectors brings about positive employment benefits. These benefits gradually increase with the improvement in the long-term sustainability of economic activity that follows the initial investment. While the study focuses on the potential for job creation, greening the EU's economy provides other socio-economic benefits, notably an increase in the quality of life of European citizens.

Therefore, in addition to the reinforcement of green economy, another crucial thing is to ensure that people have the right skills for the new, greener jobs of today and tomorrow. The European Social Fund (ESF), investing in human capital, can provide help to unlock the skills, creativity, entrepreneurialism and capacity of the workforce to innovate, featuring two cross-cutting themes – gender equality and equal opportunities and sustainable development²².

- **More investment, more efficiency**

To date, Cohesion Policy has helped regions tackle their infrastructure deficit, address their innovation deficit and meet their employment deficits. It is now time to combine these aspects and work together to tackle the sustainability deficits.

There are at least two ways for that: invest more and invest better.²³ Greater strategic investment focusing on sustainable growth, with an emphasis on resource efficiency must be encouraged. Investing better in sustainable growth is all about improving policy delivery mechanisms through the more effective integration of sustainable development principles in operational programmes and in the design, selection and implementation of projects.

Also, a greater vertical integration within the institutional framework for sustainable development is required, i.e. the need to ensure stronger and a more effective coordination and coherence among the national, sub-regional, regional and international deliberations on sustainable development.

- **Think globally, act locally, build partnerships**

The success in achieving EU goals will be determined to a great extent by decisions made at local and regional levels. Europe begins in its regions and cities²⁴, and so does sustainable growth. The implementation of cohesion policies is a partnership of local, regional, national and European stakeholders. Each must share the responsibility for investing funds better in order to increase their impact on sustainable growth objectives.

Regions, cities, communities are at the front edge of addressing the sustainable development challenges we are facing today, as they are often closer to the problem and can act with fewer constraints. Their experience could be multiplied at national and international

²⁰ UN Commission on Sustainable Development, *Twentieth session Sixty-fifth session of the Economic Commission for Europe: Item 2 - Follow-up to Rio+20 and the post-2015 development agenda*, Geneva, 9-11 April 2013.

²¹ GHK, *Evaluating the Potential for Green Jobs in the next Multi-annual Financial Framework*, 2011.

²² Dickinson, P., Lloyd, R., *European Social Fund Evaluation of sustainable development and green jobs*, Research Report No. 756, 2011.

²³ European Commission, *Regional policy contributing to sustainable growth in Europe*, 2011.

²⁴ Committee of the Regions, <http://cor.europa.eu/en/Pages/home.aspx>.

level. The delivery mechanism should be built upon the principles of integrated approach, partnership and multilevel governance.

Partnerships are considered one of the most participatory and effective mechanisms to implement sustainable development and enhance international cooperation²⁵. They have a special character as they are voluntary, multi-stakeholder initiatives specifically linked to the implementation of globally agreed commitments.

Governments, businesses and the civil society must be involved is necessary. The most efficient activities are those which raise broad public awareness and create incentives for participation. Innovative ways should be used to raise awareness, e.g. using cultural heritage as a motivator along with the environmental one, and delivering the message by the means of big events or business practices²⁶.

Partnerships are not a substitute for government responsibilities and commitments; they rather intend to facilitate, strengthen and expedite implementation by involving those relevant stakeholders that can make a contribution to sustainable development.

- **Unique Monitoring System**

In order to measure or to assess the progress towards sustainable development, many sets of indicators have been developed, suggesting that either no single one is completely adequate or that every set serves a more or less different purpose: some aim to measure the state of sustainable development at local, regional or national level, others to measure whether the goals of strategies or policies are being reached²⁷. The use of these different approaches makes the results even harder to compare and difficult to draw conclusions.

At EU level, Eurostat has developed the *Indicators for the EU Sustainable Development Strategy*, comprising 111 indicators, based on which it reports on the progress towards the objectives of the EU SDS.

Improvement in statistical and monitoring systems is definitely required. One of the first steps is to have an adequate methodology, expertise, as well as financial and human resources. There are still many countries and statistical areas where even the basic data are lacking or are of a low quality. The lack of investment in statistics may result in lack of comparability of data.

A conceptual framework is needed to harmonize the different ways in which sustainable development has been measured. In this respect, the UNECE jointly with the European Commission (Eurostat) and the OECD undertook this task by setting up a dedicated Task Force to develop such a framework which aims to link the SDI sets currently produced by national and international statistical organizations²⁸ (Joint UNECE/Eurostat/OECD Task Force on Measuring Sustainable Development, 2013).

²⁵ Kardos, M., *Transnational Partnerships For Sustainable Development In The South-East Of The European Union*, The Annals Of The University Of Oradea. Economic Sciences, Tom XXIII (1), 2014, pp.141-148.

²⁶ UN Commission on Sustainable Development, *Twentieth session Sixty-fifth session of the Economic Commission for Europe: Item 2 - Follow-up to Rio+20 and the post-2015 development agenda*, Geneva, 9-11 April 2013.

²⁷ Kardos, M., *Towards Sustainable Development: Assessment of EU Countries*, pp.143-150, in Runcan, P.L., Rață G. (eds.), *Social Economics and Entrepreneurship*, Cambridge Scholars Publishing, 2014.

²⁸ Joint UNECE/Eurostat/OECD Task Force on Measuring Sustainable Development, *Framework and suggested indicators to measure sustainable development*, 2013

A regular universal monitoring system should be set up for the national and global implementation of sustainable development, aiming to serve as mechanisms that would bring about a greater consolidation of national inputs into the global deliberations and to enable continuous monitoring of progress in achieving sustainability.

Conclusions

Cohesion Policy is and will remain a central pillar for achieving EU's sustainable development goals as its headline targets on employment, research and development, climate and energy, education and the fight against poverty and social exclusion. Many steps have been taken forward towards the accomplishment of sustainable development objectives. Still, there is much to be done. Current challenges, beside the constraints of the recent crises, put more stress on Cohesion Policy role to support regions and countries in addressing sustainability issues.

Thus, some of the directions on which future approaches should be channelled refer to: greening the economy and human capital, greater investment more efficiently used according to the principle "think globally, act locally", putting partnership at the core of all actions for sustainable development, as well as generating a unique integrated system of monitoring sustainable development.

The merit of this study, although interpreted within the limitation imposed by the extent of the topic, is its contribution with some clarifying aspects for the scientific approaches, which may be particularly important for both researchers and policy makers. However, it does cover the whole area of possible implications for the topic, leaving open way for further research based on complementary data and methodology.

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