

Media briefing

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## EU PROPOSALS TO REDUCE HOUSEHOLD BILLS, TACKLE FUEL POVERTY AND CLIMATE CHANGE AT RISK FROM 'GREEN-AVERSE' NEW MEMBER STATES

A once-in-a-lifetime opportunity to kick start much-needed energy efficiency and renewable energy measures in households across Europe may yet flounder in the weeks to come as reluctant **new member states** appear more inclined to seize on accelerated disbursement of EU regional funds to finance major infrastructure projects such as motorways and large scale waste incinerators.

Keti Medarova-Bergstrom, EU funds coordinator for CEE Bankwatch Network/Friends of the Earth Europe, warned: *"The 10 new member states have already missed the boat once in allocating a paltry 2.4 percent of their present EUR 177 billion funds pot to energy efficiency and renewables, and there are indications that this latest opportunity on a plate may be spurned in favour of yet more massive infrastructure projects like motorways and incinerators that defy the growing consensus on low-carbon development."* [\[more details on these figures overleaf\]](#)

In the first week of December, EU commissioner for regional policy Danuta Hübner unveiled a **targeted initiative** within the EU's economic recovery plan: a scheme that harnesses EU Cohesion policy funding to enable **all member states and regions** in the EU to invest in energy-efficiency and renewable energy measures in housing.

**CEE Bankwatch Network** and **Friends of the Earth Europe (FoEE)** back the views expressed by Commissioner Hübner, who said: *"This is a win-win measure. It will save energy, cut emissions, bring down fuel bills for the most vulnerable in society and help the construction industry and SMEs in particular. We hope that the Council and the European Parliament will adopt this proposal without delay and that Member States will move quickly to set up schemes to harness this investment."*

Even now with a declared commitment from the Commission to provide billions of euros of support for new green approaches to domestic energy usage that can also help to boost fragile economies, Bankwatch and FoEE are concerned that this "golden-green" opportunity could be lost by the same countries that need to grasp it more than any others.

Such schemes are already proving to be **highly popular** and – importantly – **implementable**.

**Kirklees Council in Yorkshire, England** (<http://www.kirkleesgreenparty.org.uk/>) has successfully started providing free insulation to all households irrespective of income, the Scottish Greens are well on the way to getting a similar **Scotland-wide scheme** off the ground (<http://tinyurl.com/55n8ax>) and *The Telegraph* reported at the end of November that **Boris Johnson**, the Mayor of London, is now looking to do a "Kirklees" in London (<http://tinyurl.com/5dj7xf>).

**Bankwatch and FoEE call on the EU-27 to grasp this opportunity to the full in order to reduce bills, tackle fuel poverty and climate change, and create thousands of new jobs across Europe.**

*continued over*

## **Facts and figures on the EU Recovery Plan – Big sums need transparency**

The EU Recovery Plan foresees speeding up the disbursement of EU funding and providing advance payments in order to inject member states with cash and secure liquidity, and hence avoid deep recession. The Plan promises **EUR 11.25 billion** in advance payments for the member states **already in the beginning of 2009**.

A focus is being placed on accelerating the implementation of major projects and boosting energy efficiency. And the European Council concluded at its recent summit that there will be: "the use for 2009 and 2010 of the accelerated procedures in the public procurement directives, which is justified by the exceptional nature of the current economic situation, in order to reduce from 87 to 30 days the length of the tendering process for the most commonly-used procedures for major public projects".

### ***Speeding up the EU funds presents some dangers***

The whole concept of a low-carbon future and a healthy boost for energy efficiency may be jeopardised if major "front-loading" or acceleration of cash for large climate intensive infrastructure takes place. Accelerating major projects should not mean throwing caution to the wind when it comes to the environment. A **transparent and inclusive** process is essential.

As is being touted, direct additional payments before formal approval from the European Commission can lead to **abuse of the funds**, especially in countries where the evidence of fraud and conflicts of interest have led to the suspension of EU funding from the pre-accession funds – the most flagrant example being **Bulgaria**, where EUR 220 million of EU PHARE money was suspended last month.

**Bankwatch and FoEE are calling for increased transparency and a public debate on the EU recovery plan and the requests for changes in the EU Funds Regulations in light of the intended rapid rollout of all of these processes.**

### ***Increased support for energy efficiency and renewables***

We warmly welcome the call from the European Commission to boost investments into energy efficiency and renewables (EE/RES) as a way out of the economic crisis. The previously agreed Operational Programmes provide only EUR 9 billion for EE/RES across the EU-27, representing **less than 3 percent** of total EU spending.

In the new member states, Bankwatch and FoEE's most recent analysis in June 2008 of the EU allocations identified a paltry **1.3 percent going to EE and 1.1 percent to RES** out of the total EUR 177 billion earmarked for the new member states.

Investment into energy saving presents a pain-free, fast and cost effective way for businesses and households to decrease their energy bills and improve competitiveness, critical at the present time. For example, boosting investments in energy efficiency in the housing stock is essential as it can contribute to an **11 percent reduction** in total EU energy consumption while allowing savings of up to EUR 1000 per household annually, according to a November 2008 Commission communication on energy efficiency (see: <http://tinyurl.com/6frmhwh>)

**Bankwatch and FoEE call on the new member states to ramp up their spending on EE/RES. EU funding should be better channeled to a targeted and coherent system for EE/RES investments.**

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