CEE Bankwatch Network - Friends of the Earth Europe: Update of the EU funds allocations in the central and eastern European countries in energy efficiency, renewable energy and transportation

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For a detailed breakdown of the EU funds allocations in the EU-10 countries for the energy and transport sectors, see:
http://bankwatch.org/documents/eu_funds_climate_impacts_in_EU_10_detailed_analysis.pdf

In the 2007-2013 period, the European Union (EU) will distribute EUR 347 billion[1] for projects financed through its Structural Funds and the Cohesion Fund (SF/CF) for regional development. Half of this amount – 177 billion EUR – will go to the ten Central and Eastern European member states (EU-10), including the latest newcomers Bulgaria and Romania.

As the EU funds transfer significant amounts of money for development, it is important that this development is on a sustainable path and contributes to achieving the climate and environmental protection objectives of the EU. This analysis deals primarily with EU funds allocations for energy efficiency, renewables and sustainable transportation. The data used is taken from the allocations in the National Operational Programmes (OP) in the EU-10 that have been approved by the European Commission (EC). The OPs constitute the key programming documents for distribution of the EU funds at the national level.

The first analysis of the allocations was performed in April 2007 based on the draft OPs, when Bankwatch and Friends of the Earth Europe called upon the EC to insist on revision of the allocations in favour of more climate-friendly development programs.

Energy efficiency and renewables

According to the analysis, EUR 4.2 billion in total – only 2.4 percent of all EU funding for the EU-10 countries – is to be invested into energy efficiency and renewable energy projects between 2007 and 2013.

A comparative view reveals major differences between the funding plans of the individual countries. Lithuania stands out by allocating 5.4 percent of all its EU funds for energy efficiency and renewable energy projects. Czech Republic follows second with 4.5 percent and then Slovenia with 3.8 percent. Poland, Slovakia and Hungary bring up the rear with 1.7 percent, 1.7 percent and 1.4 percent respectively.

In 2007, the analysis of the draft OPs revealed only EUR 3.6 billion investments going to energy efficiency and renewables, which constituted only 2.1 percent of the total EU funding in the EU-10.

The approved OPs show a doubling of the allocations but this is still insufficient to rigorously promote climate-friendly development in the EU-10. Notably, Slovakia, Poland and Hungary scored worst in 2007 as well. The Czech Republic was alone among the EU-10 in recording a

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[1] All financial figures throughout this article are in current prices and do not include national co-financing.

jump from 3 percent to 4.5 percent for energy efficiency and renewables over the period between our two analyses.

Transport

In total, EUR 55 billion of EU funding is being allocated for transport in the OPs of the EU-10 countries for the 2007-2013 period. Less than one-third of the transport funding (EUR 15 billion) is to be invested in railway infrastructure and only one-tenth (EUR 5.7 billion) in urban public transport.

The biggest piece of the pie – 55% – is to go to road construction (including motorways, and national, regional and local roads). Approximately EUR one billion is to be invested in ports, another EUR one billion in aviation, while inland waterways are to receive EUR 0.5 billion. Multi-modal transport systems, as well as intelligent transport systems, are to receive all together only EUR 1.5 billion, while cycling tracks will receive approximately EUR 0.4 billion.

Since our 2007 analysis, the EU-10 allocations for all modes of transport have grown, however, the relative figures show interesting changes. Whereas public transport remains at 10 percent of the overall allocations, the allocations for roads have increased by two percent. Surprisingly, the allocations for railways have fallen by three percent.

In comparative terms, Romania, Slovakia and Slovenia scored the lowest on public transport both in 2007 and in 2008, planning very meagre EU funding for this sector. The relatively biggest EU funding support for public transport is planned in Hungary and Estonia. In railway allocations, the highest investments in 2007 and 2008 are in Slovenia and the Czech Republic. On the other hand, Poland has the highest road allocations which, with a slight increase in 2008, account for approximately 60 percent of its total transport allocations.

Low-carbon development for the EU-10

CEE Bankwatch Network and Friends of Earth Europe call upon the European Commission to ensure that the EU cohesion policy brings new member states on the path to more climate friendly regional development, where EU funds play a crucial role. The EC can still work to better promote low-carbon measures in the EU-10 during the now commenced implementation phase as well as during the mid-term review of the EU funds in 2009.

At least seven **percent of all EU funds** should be allocated for energy efficiency and renewable energy in all economic sectors in the EU-10. Such measures should be well embedded in all economic sectors – energy, industry, housing, public buildings, district heating and public lighting. Renewable energy and cogeneration should be more strongly promoted. The project selection process under all the OPs should include clearly set energy efficiency criteria.

For balanced and sustainable transport development, less should be spent on roads and more on public transport and railways across the CEE region.

At **least 75 percent of all transport funding** in each EU-10 country should be allocated for environmentally more friendly transport investments, particularly in public urban transport systems, integrated regional and suburban public transport systems, railways (infrastructure and passenger rolling stock), inter-modal infrastructure for shifting freight from road to rail, bicycle lanes and paths as well as traffic management systems. Funding for roads should be primarily focused on the rehabilitation of the existing road infrastructure and safety improvements rather than the building of new roads and motorways. There should be no EU funding for air transport.