

1. Do the Cohesion Policy regulations require Member States to implement effective and binding targets for energy savings, renewables, recycling and biodiversity?

The Cohesion Policy regulations do indeed call upon Member States to come up with targets on energy savings, renewables, recycling and biodiversity in line with the EU 2020 climate goals. These are to be established by Member States themselves and included in „partnership contracts” that each government will then negotiate with the Commission. The regulations further propose a system of monitoring of implementation of these targets by Member States, as well as a system of punishment and rewards for performance against those targets. These elements are very much welcomed by green NGOs, which have been advocating for targets and conditionality for years.

However, as the regulations stand today, the Commission leaves too much leverage to Member States in respect of the setting of those targets. This is certainly helping the regulation texts get accepted by the governments, but it will make it difficult for the Commission to ensure that the national targets in the end add up to energy efficient, renewables, recycling and biodiversity measures that indeed guarantee that Europe meets the EU 2020 and 2050 climate objectives.

2. Are climate and biodiversity proofing mechanisms outlined in the Cohesion Policy regulations so effective that no more harmful subsidies will be provided?

The regulations state that funds will only be provided if certain legal requirements on environmental safeguard and proofing mechanisms are met – the so called ex-ante conditionality. This would be ensured through Environmental Impact Assessments (EIA) and Structural Environmental Assessments (SEA). However, both existing EIA and SEA mechanisms are not at the moment designed well enough to perform the task attributed to them by the regulations. These mechanisms need to be significantly improved.

But, more strikingly, the regulations appear to propose conflicting objectives. On the one hand, they call for environmental safeguards and proofing. At the same time though, air and road infrastructure continue to be given a prominent role in the areas of spending from Structural and Cohesion Funds outlined by the Commission in the regulations. But, as long as heavy subsidisation of air and road travel continues across Europe, no amount of environmental assessments can ensure that the EU meets its long-term climate goals.

3. Do the Cohesion Policy regulations envisage new indicators that go beyond GDP to measure Structural and Cohesion Funds’ impact on sustainable development of European regions?

Up to now, only few indicators have been used in reporting by Member States to the Commission, e.g. referring to the uptake of funds (how much money has been spent). This is going to change with the new Cohesion Policy.

The common indicators proposed by the EC in the new regulations are measuring, for example, how much additional renewable capacity has been created, how many households were provided with improved energy efficiency, or if GHG reductions were achieved.

However indispensable dimensions of environmental sustainability like biodiversity or the use of

material, land and water are recklessly neglected. This needs to change: the September 2011 Resource Efficiency Framework, for instance, is calling for the development and use of resource productivity indicators, and the implementation of the Cohesion Policy needs to follow such leads.

4. Does EU financing prioritise the exploitation of the regions' renewables potential?

While slightly ambitious requirements for the support of energy efficiency and renewables are placed upon the richest regions (they must use 20 percent of Cohesion Funding for this purpose), Central and Eastern European countries are only required to use a negligible 6 percent of Cohesion funding for such measures.

This is not a convincing step towards the prioritization of renewables and energy efficiency across Europe, especially given the fact that it is precisely Central and Eastern European countries that are the laggards of the continent on these issues.

5. Are investments in energy efficiency, especially of buildings, made a priority with clearly indicated measures supported?

The Cohesion Policy regulations get us off to a good start by introducing, for the first time, a special category of spending referring to the energy efficiency renovation of buildings (under spending priority #4, regarding the move to a low-carbon economy, the Commission calls on Member States to „implement minimum requirements related to the energy performance of buildings in line with Art. 3 of Directive 2010/31).

However, the fundamental issue with these regulations is that it does not ask of CEE governments to adhere to environmentally related priorities or lines of spending (the Cohesion Policy regulations outline 11 spending lines, four of which are related to environmental protection) nor does it earmark a significant amount of money for them. This is certainly the case for energy efficiency in buildings measures.

Such an effect might be achieved during later stages of the budget implementation process, with the Commission using its political clout over Member States to make them spend the money on green investments too. But a political process may or may not bring about the prioritisation of energy efficiency measures for buildings at national levels.

For now, reading the regulation text, we cannot be sure that the huge potential of energy savings in buildings in CEE* will indeed be fulfilled.

* The untapped potential of the building sector for cost-effective energy savings could bring an 11 percent reduction in final energy consumption in 2020, delivering a substantial part of the energy consumption reduction goal of 20 percent. This does not take into account the potential of buildings as energy producers through the installation of renewable energy sources. A European Commission analysis projects that over the next decade investments in energy-saving building components and equipment will need to be increased by up to €200 billion.

6. Is funding for GHG increasing transport modes such as roads and (access to) airports still possible?

Not only is such spending still possible, it remains a priority of the Commission. Air transport is specifically outlined in the 11 spending priorities in the regulation text. Ten billion Euros of the Cohesion Fund have been earmarked for the TEN-T European transport network, aiming at the construction of a comprehensive European motorways and road network. In addition, the EU

budget proposal presented by the Commission in June 2011 makes it clear that 40 other billion Euros from the common budget would be used for TEN-T. The TEN-T structure is still to be announced by the Commission (due in October) and it is a list that should be scrutinised carefully on the issue of environmental impact of the projects to be supported.

Instead of financing roads and airports, bold financial commitments to environmental friendly modes of transport are necessary to break the current trend of ever increasing GHG emissions from the transport sector.

7. Do the Cohesion Policy regulations call for financing reduction and recycling of waste, instead of subsidising waste incinerators in Member States?

The Cohesion Policy regulations do a good job in asking Member States to implement national waste management plans in line with EU legislation and 2020 climate goals. However, the regulations are not as ambitious as to ask for a substantial proportion of the money allocated on waste measures to be directed at promoting the three lower components of the EU waste hierarchy (prevent, reuse, recycle). Or to be in line with the recently announced Resource Efficiency Roadmap.

This leaves the door open for Member States to still invest considerable amounts of money on incinerating waste.*

Furthermore, the regulations are not explicitly asking for more ambitious resource efficiency targets (e.g. a 70% recycling rate for municipal waste is the demand of green NGOs). But – even with existing 50 percent municipal waste recycling targets at EU level – there is no guarantee Member States will implement them, as they tend to use different targets (e.g., 50 percent of plastic, paper and glass only) and the Commission has little remedy.

Considering all of these factors, the regulations represent a missed opportunity to contribute to reaching EU's resource efficiency goals.

* One of the central conflict points around the current budget has been the construction of incineration plants with EU Funds in several CEE countries, e.g. Lithuania, Czech Republic, Croatia, Hungary, Slovakia and Poland. The case of Poland has garnered most attention as 12 planned incinerator plants would consume €1.1 billion, approximately, 66 percent of the entire allocation for waste management projects co-financed by the EU in the 2007–2013 budget period in Poland.

8. Is transparency and public participation in planning and implementation of the programmes guaranteed?

While the Cohesion Policy regulations offer a code of conduct on transparency and public participation that Member States are recommended to use, a code of conduct is just an example of behaviour, hence offering no guarantee that NGOs and the public as a whole would be more involved in the decision-making processes than before or that a minimum level of transparency in the spending of the funds is guaranteed.

9. Is the prominent role given to the European Investment Bank (EIB) in the management of EU funded projects good news for the environment?

CEE Bankwatch Network has been for years monitoring the impact of EIB sponsored projects in our region and we have serious concern whether this bank has the ability to play a constructive role in meeting the EU's climate goals.

The EIB, as its board of directors often makes clear, functions as an investment bank primarily. In the energy sector, for one, this means that the EIB is likely to choose to finance projects that it expects would bring considerable profits over projects – such as those in the renewable sector – which struggle with more ambivalent odds. This means, for example, choosing coal plants* over wind parks as investment targets.

If the Commission is keen to give such a prominent role to the EIB in the next Cohesion Policy cycle 2014 – 2020, it must keep a close eye on the Bank and make sure that its claims of greening itself are not mere greenwash.

* see the cases of Poland (<http://bankwatch.org/news-media/for-journalists/press-releases/polish-presidency-highlights-eu-climate-paradox>) or Slovenia (<http://bankwatch.org/news-media/for-journalists/press-releases/police-investigates-irregularities-tes-6-slovenia>) for examples of EIB controversial coal investments.

10. Can EU funds inspire CEE countries to achieve EU resource efficiency milestones for 2020 and transform into renewables based resource efficient societies by 2050?

CEE Bankwatch Network has doubts that this regulation sets us on the right path towards CEE countries' transition to resource efficient societies. These regulations are very good when it comes to asking of Member States to set targets for themselves, in monitoring if those targets are met and in stimulating progress through a carrot and stick approach.

Nevertheless, Member States – and particularly Central and Eastern European ones -- tend to use the funds for unsustainable short-term goals even though only a long-term perspective can help us overcome the current crisis.

Therefore, we believe too much is left up to the political negotiations that are to take place between Brussels and national governments after the latter submit their proposals for spending. The Commission has been very effective in specifying concrete amounts of spending for transport corridors, for instance, even at this early budgeting stage – it is unfortunate that it did not consider a similar approach necessary for crucial measures aimed at containing climate change and boosting the necessary transformation towards sustainability.

For more information please contact

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