CEE bankwatch network

Friends of the Earth Europe

State of play at EU funds programming half time

Draft planning documents fail to ensure sustainable development, are half-hearted in environmental protection, sideline partners and neglect communities

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Introduction

During the second half of 2013, as most Partnership Agreements (PAs) were being sent informally to the European Commission by member states and the preparation of Operational Programmes (OPs) was well underway, NGO representatives assessed the progress – or otherwise – of environmental mainstreaming within Cohesion Policy programming in Bulgaria, Croatia, the Czech Republic, Estonia, Germany, Hungary, Latvia, Poland and Slovakia. This paper compiles a series of analysis and comments elaborated and published in the course of the on-going programming process from May until December 2013.

In its initial proposal from 2011 the European Commission developed a new architecture for Cohesion Policy, where alignment towards the EU's long term climate, environmental protection and resource efficiency objectives should be built on result orientation, thematic concentration and a strengthened partnership with stakeholders. Mainstreaming of sustainable development throughout all plans and programmes is supposed to be at the heart of the EU regions' future spending.

However, it appears at the 'half time of programming' that:

- the investment plans of member states are failing to ensure sustainable development throughout all the plans and programmes,
- environmental protection is half-hearted,
- partners are often side-lined and communities neglected,
- NGOs involved in the programming process in the various countries of central and eastern Europe face significant problems in accessing draft programming documents, priorities are often agreed behind closed doors, and even engagement and input from environmental stakeholders is not granted when first drafts are circulated.

The analysis of PAs and experiences of 'partnership' in the current programming suggest that member states' current planning of Regional Development funding for the period 2014-2020 fails to acknowledge that Europe's current ecological footprint lays way beyond the planet's carrying capacity and, as a consequence, that economic and regional development – fostered by the EU funds – must help to transform production and consumption patterns to a sustainable level that does not over-exploit natural resources. Alas, though, the draft PAs and OPs – as will be seen below – have not looked to be sufficient for effectively catalysing the EU's transition towards resource efficient, renewable energy based economies.

As final legislation on the next EU budget including Cohesion Policy is already finalised, **the member states, with support from the European Commission, must now significantly improve the environmental performance of their PAs and OPs in the period up to their final adoption in spring 2014.**

1. From regulation to implementation: Six steps to fix a flawed bridge

1. Complete an incomplete partnership

The European Commission's proposal on the partnership principle, laid down in Art.5 Common Provisions Regulation and in the European Code of Conduct on Partnership, was intended to improve the quality of partnership and to ensure partners' involvement in programming. Substantially weakened during the trilogue process, it has become evident that without binding minimum standards many member states are not able to establish a sufficiently elaborated system to manage partnership: even though official channels to communicate partners' contributions are established, overall there is very little dialogue among planning authorities and partners. Receiving feedback on submitted contributions is rather a rare case. What's more, timelines given by authorities to react on drafted planning documents are often unrealistic and hamper participation.

Member states should commit to the principles set down in the European Code of Conduct on Partnership and the European Commission should monitor and report on compliance. Informal drafts should be made available online and public consultations should allow for contributions at several stages of draft programming until the start of formal consultations with the European Commission.

2. Mainstreaming sustainable development requires effective operationalisation

Draft PAs and OPs are often not effectively integrating environmental aspects, as Article 8 CPR on sustainable development of the proposed regulation requires. The promotion of environmental protection needs more than simply measures for 'end of pipe' environmental infrastructure. Member states should ensure environmental measures are integrated in all relevant thematic objectives promoting pilot solutions and the most eco-innovative approaches.

Moreover, member states should ensure that each programme takes all necessary steps to avoid the negative impacts of planned investments to natural resources and environmental conditions. National authorities should use technical assistance to set up effective implementation structures that ensure that environmental considerations are specifically promoted, are integrated in calls for proposals and are part of public procurement procedures.

Well-defined, binding sustainability and efficiency criteria for project selection have to be part of the implementing documents, calls for proposals and tendering procedures. Environmental measures should be integrated across all thematic objectives.

3. Promotion of sustainable renewable energy sources (RES) only

The decarbonisation of European economies by 2050 requires immense effort and investments for changing national energy mixes and sectoral energy consumption which have to be based on sustainable RES. While the 2020 renewable energy targets might be met by member states, trajectories for the period after 2020 suggest that much more effort will be needed to stay on the decarbonisation pathway.

In this regard, the tendency of a number of member states not to support RES via EU funds in 2014-2020 is a big concern: while a minimum amount (earmarking) for pursuing the 'shift to a low carbon economy' is ensured, within this thematic objective the support for RES is marginal, whereas – by contrats – energy efficiency is omnipresent. If we want to decarbonise our economies by 2050, major new investments into sustainable energy generation have to be done now.

Therefore the EU funds for 2014-2020 must concentrate on the funding of the most effective measures to reduce CO2 emissions. This includes and integrates sustainable RES, energy efficiency and sustainable ways of carbon storage (e.g. peat land restoration). A related issue is the use of biomass in combination with fossil fuel combustion. Only local, sustainable biomass should be promoted without it being used for "green washing", i.e. co-firing existing fossil fuel plants.

EU funds 2014-2020 should prioritise innovative means of reducing carbon emissions and support for sustainable RES based on specific sustainability criteria.

4. Increase financing for biodiversity protection and ecosystem based climate change adaptation and risk prevention

Ensuring intact ecosystems, the sustainable use of natural resources and preventing/minimising climate change impacts requires a holistic approach towards all levels of society and economy. While the concentration on climate change mitigation measures is a good step, environmental protection beyond waste and water receives little attention and financial support. The current programming is very weak in granting support for green infrastructure and ecosystem services as an asset for the spatial and sustainable development of Europe's regions. Too often managing authorities tend to set alarm bells ringing about the need to keep intact ecosystems and to secure our natural capital with the argument of being forced to concentrate the funding.

A comprehensive approach towards regional development has to invest in climate change mitigation and adaptation, biodiversity protection and resource efficiency all together and simultaneously; the natural capacities of ecosystems should be fully utilised herein. Management authorities should ensure better know-how among Cohesion policy stakeholders about the interaction of nature conservation and local/regional economic development as the economic base of many European regions is founded on its natural resources (e.g. tourism, quality of life to attract skilled workers, etc.)

5. Strengthen bottom-up approaches and Community-Led Local Development (CLLD)

Currently several member states are not planning to fully use the potential of Community-led Local Development (CLLD), that would help to improve efficiency, ownership and help EU funds to be distributed more based on the specific needs of local communities, promoting local sustainable development and building participatory democracy.

Member states should include CLLD in programmes as far as possible, and prepare managing authorities and local actors for effective and sustainable use of this planning tool.

6. The transformation to economies which do not exploit natural resources over their limits requires efforts in all sectors of the economy

Integrating social and environmental aspects to thematic objectives for 'smart growth' is needed, but currently not visible in the draft PAs and OPs. Support for economic development, for SMEs, research and innovation cannot be seen isolated from the need of substantially restructuring production processes to a sustainable level. Measures for thematic objectives of smart growth such as R&D and Innovation, information technologies and the competitiveness of SMEs, should be part of the framework of sustainable development.

Investments throughout all objectives should promote material and energy saving innovation, capacity building, and contribute to the food, energy and economic sovereignty of European regions. The promotion of eco-innovation, green technologies and social entrepreneurship helps regions to provide jobs and generate income for European citizens in the longer term.

2. Include best principles and criteria for environmental mainstreaming in EU funds programming and implementation

a. Green energy and an integrative approach towards sustainable climate action

Environmental sustainability and, in particular, climate change mitigation is one of the main areas of intervention in the next programming period and, according to the Cohesion Policy regulation, it should be mainstreamed throughout all programmes and projects.

While financing for energy efficiency and some renewable energy sources is now foreseen in OPs in most of the countries, it is nevertheless not a given that planned measures are environmentally sustainable and result in high quality output.

Whereas article 8 of the Common Provisions Regulation enshrines environmental protection and sustainable development as a horizontal principle, its operationalisation causes difficulties, its description in PAs remains superficial, and its integration into other thematic objectives and priorities appears to be deficient: apart from direct investments under the 'low-carbon' thematic objective 4, climate mainstreaming is missing in the designing of green innovation measures as part of Research & Development priorities. It is necessary to increase the focus of SME support for smart specialisations to resource efficiency and environmental protection.

The draft PAs and OPs are likewise missing out on sustainable urban development plans and integrated territorial investments that would tackle environmental issues in an integrated approach – synergies with the Horizon 2020, LIFE or the Connecting Europe Facility are not being realised. And, finally, the capacity building of stakeholders vis-a-vis environmental mainstreaming is rudimentary.

In order to enable climate protection, energy and resource efficiency, the following criteria should be included into programming and upcoming implementation documents:

Public procurement and support for SMEs

- Energy efficiency audits must be part of the design and planning of any relevant investment. Funding from EU sources should be available for the audits and the disbursement should be linked to the realisation of at least some of the recommendations from the audit, as energy audits offer a complex, tailored view of efficiency options of each different project.
- Green public procurement standards should be applied; energy efficiency and sustainability criteria should have a higher weight in selection than 'lowest price' or 'value for money' which does not include environmental costs. Procurement can easily be driven by demand for certified products, i.e. EU EcoLabel, Energy Label, FSC, certified organic products, Fair Trade etc.
- Where certificates are lacking, products from recycled materials should be chosen.
- For more complex technological products where benchmarks exist, a minimum energy efficiency range of 10 percent below the best available technology in a given product category should be set.
- In projects including energy generation, options for savings and efficiency should be assessed prior to any increase of production capacity.

Energy efficiency criteria for buildings

Energy renovations of buildings from public resources should go beyond cost optimal levels and current technological norms. A support system should provide motivation to induce higher energy savings and spur innovation. Measures to achieve these objectives must be incorporated into implementing documents and included for energy renovation of buildings:

- Energy efficiency reaching beyond cost-optimal level – higher efficiency should be promoted by motivational financial incentives.
- Energy efficiency higher than the current

legally required technological level, reaching at least 75 percent of the efficiency of a reference building (as set by the Energy Performance of Buildings Directive 2010/31/EU).

- The installation of renewable energy sources together with efficiency measures.
- Projects should be rated based on energy efficiency and the use of renewable energy. Other environmental, social and health criteria should bring additional scoring points – examples may include contribution to climate change adaptation, i.e. rainwater and greywater use or green roofs, social benefits such as conservation and the improvement of public spaces, proper conditions for the disabled, elderly and parents with children, and health benefits such as air quality, noise reduction etc.

Sustainability criteria for biomass

In order to minimise the carbon and environmental footprint of biomass use, as well as to incentivise the development of local economies and sustainable agricultural and forestry practice, both energy projects using biomass and biomass supply should be regulated by sustainability criteria.

In all countries that plan to support the use of biomass as a renewable source from EU funds, Partnership Agreements should refer to a strategy for efficient and environmentally sound use of biomass at the national and regional level. Synergies between rural development and renewable energy production must be exploited. These strategies should point out the best ways to invest EU funds in biomass and properly address all environmental risks.[1]

In selection of areas for funding in the OPs as well as in project selection, the following principles should be applied:

- The prioritisation of the use of local biomass over long-distance transport.
- Preference given to the use of waste biomass, including municipal waste and slugs.
- High efficiency criteria governing the production, distribution and use of biomass heat.
- The exploration of energy efficiency options before biomass project planning starts.
- Integrated projects supporting both the sustainable production and consumption of biomass with a contract promise that any local supplier should receive preferential treatment and extra funding.

In order to facilitate the local use of biomass, regional energy strategies should be elaborated as part of the programming of the territorial dimension of the funding. To achieve quality results within these strategies, it is necessary to provide funding from Technical Assistance, involve partners and provide them with possibilities to raise their capacities in the energy field and organise proper public consultations.

Some of the most harmful biomass supply and use practices must be excluded from EU funding in order to fulfil both its climate and environmental objectives, namely:

- Projects involving the co-burning of biomass and fossil fuels.
- Projects involving the production of agrofuels, with the exception of waste biogas.
- The use of biomass imported from non-EU countries.

b. The inclusion of biodiversity, Natura 2000 and green infrastructure measures

Sustainable development needs to include biodiversity protection. A strong focus on climate protection and carbon reduction is not enough to achieve the European environment targets and guarantee human well-being in the future.

We understand sustainable development as a path to ensure the use of natural resources for future generations, including our valuable biodiversity. The clear prioritisation of climate protection and emissions reduction in the regulations is very welcome, however it bears the risk that – even though included in thematic objective 6 – biodiversity protection may fall behind in the future implementation of the regional policy.

There are signs that some member states may call their OPs 'sustainable' without demonstrating any direct biodiversity measures. While the European Commission introduced an earmarking for climate protection in the next funding period, the allocations for biodiversity protection, Natura

1 Sustainability criteria for biomass should take into account at least the following environmental limits: nature and soil protection, the impact of direct and indirect land-use change, food production and rural development needs, and sustainable biomass supply limits in regions.

2000 and green infrastructure still need to be chosen by the member states and regions itself.

Financing of Natura 2000 management

Natura 2000 plays an essential role for the achievement of European biodiversity targets. Yet in many regions there seems to be a lack of communication regarding the concept of Natura 2000.

At the local level many actors are not aware of the income generating opportunities and activities in these areas. For this reason a better communication of the management opportunities in Natura 2000 is needed to enhance overall implementation and acceptance.

The Natura 2000 network is the basis for EU nature conservation policy all across Europe. To ensure a better financing of the network, member states should strengthen their performance in linking the contribution from EU funds to the Prioritised Action Frameworks (PAFs). In many cases these documents are still not completed in a sufficient way and prioritisation does not always permit a clear link to the respective funding. However, as PAFs have been now developed for the first time, it will be extremely important to establish concrete links with measures in the OPs and allow for all programmes to finance pilot actions related to PAF requirements.

In the field of nature conservation, NGOs and small stakeholders play an essential role in the implementation of biodiversity protection measures in the regions, as they are the local experts and are well qualified to run the projects. These stakeholders have severe problems in co-financing and pre-financing the EU projects, and these may keep them out of the potential beneficiaries group. Consequently the nature conservation policy itself is difficult to implement under these conditions.

To guarantee that small stakeholders like environmental NGOs can better contribute to environmental protection within regional policy and apply for projects in the field of ecosystem protection, transparent and open calls for proposals are needed, including support and capacity building for beneficiaries throughout the whole project cycle. Also a system for pre-financing mechanisms and national or regional co-financing systems for these stakeholders should be established.

Favour ecosystem based approaches, and do no harm to ecosystems

Considering the small allocation for biodiversity ecosystem based approaches, ecological innovations among all thematic objectives should be favoured, e.g. in the field of flood protection it is better to restore wetlands than to build a higher dike. This approach would also strengthen the horizontal objective (Article 8 of the common provisions regulation).

EU funds' investments must not harm biodiversity or have indirect negative impacts on it. As environment protection is a horizontal principle, coordination among different funding instruments and its integration into spatial planning and regional development plans is required.

Promote inter-regional knowledge transfer

To make socio-economic benefits and integrated projects more visible for other regions, knowledge transfer plays an important role. A strong orientation in the future Programmes for European transnational cooperation on topics concerning biodiversity, green infrastructure and Natura 2000 is needed. This refers especially to green infrastructure projects which are often reduced to the construction of green bridges. The broader approach could be supported through an intensive exchange of experiences and innovative measures. Moreover, the valuation of ecosystem services arising from investments in nature should be supported through better knowledge transfer across Europe.

The European Commission's communication on the socio-economic benefits of the Natura 2000 network should be actively promoted among local and regional decision-makers. All investments in green infrastructure and biodiversity show a high value in terms of their provision of ecosystem services and socio-economic benefits. Research to develop methodologies for the identification of these benefits is necessary. Beside this, communication campaigns could help to increase the acceptance of Natura 2000 sites.

c. Intelligent transport planning to ensure sustainable mobility for all

Analyses of current OPs suggest that while transport measures go across single sectoral or regional OPs, synergies among them cannot be identified. In general transport allocations during the 2014-2020 period will be lower than in 2007-2013, though the level of planned allocations for individual measures remains unclear at the moment. What is clear though is that, for example, the Czech Republic will miss money for co-financing in the next few years (2014-2015/16) due to the country's incapability to fully spend its transport EU funds in 2007-2013, and N+2 requires co-financing for the period ending in 2013 still up to 2015, or even 2016.

Three priorities for transport planning

- Think small – do not necessarily prioritise TEN-T spending over smaller projects that might better serve local mobility needs in disadvantaged regions and contribute to regional development.
- Decrease pressure in agglomeration areas – remove barriers for non-motorised transport, introduce light train or tram-train systems to serve commuters from the suburbs and satellite towns.
- Integrate the strategies of the EU's White Book on transport, particularly the decarbonising of city transport up to 2030, and apply an appropriate set of indicators.

To date in the current programming, especially for transport OPs, current indicators are predominantly based on the quantification of new kilometres to be built and do not take into account other priorities such as increased mobility or decreased emissions.

OP Transport (Cohesion Fund) – big is not beautiful

Mainly financed from the Cohesion Fund and thus focusing on bigger TEN-T projects, so far it seems that the proportion of railway and sustainable transport projects to roads is planned roughly to be 1:1. Despite TEN-T policy favouring railways, and that projects do not necessarily have to result in the construction of new big infrastructure such as highways, i.e. two lane roads are also eligible, the current TEN-T project list however may serve political opportunism and the justification of any questionable big project. At the same time, member states' planning usually omits the need for a reasonable level of local transport, despite a generally held consensus that local mobility stimulates regional well-being and that especially remote regions, with weak public transport infrastructure, should benefit most from the EU funds' added value.

Integrated regional OP (ERDF) – enable small scale sustainable transport solutions

Regional OPs mostly include 'smaller' but important sustainable transport measures that should be implemented at scale. These programmes run the risk that, because of the large number of priorities, the relatively small amount of available financial resources may not be sufficient to realise such preferable transport measures. This applies especially to projects that, for example, combine rail service and car-sharing (similar to those operated by Deutsche Bahn in Germany) or which promote environmentally positive electric cars in city transport – these types of initiatives should be financed. A pilot project in Estonia, for instance, where electric cars are provided more cheaply (to companies) only if there is a certificate showing that the company uses green energy to charge its batteries.

OP Environment (Cohesion Fund + ERDF) – integrate green infrastructure into transport plans

In order to minimise the environmental impact of transport infrastructure construction, an integrated approach towards transport planning is needed, which should combine transport measures with the linkage of green infrastructure.

OP for capital region (mostly ERDF) – ensure accessibility for all

In order to improve the accessibility to public transport for disabled people, barriers should be removed, for example by installing elevators in metro stations.

OP Enterprise, innovation, competitiveness (ERDF)

This OP could include the further development of state-of-the-art Intelligent Traffic System implementation, such as in charging systems for entering city centres by car.

d. Risk management and climate change adaptation in harmony with nature

Thematic objective 5 includes both adaptation to climate change and risk management. However there is no further justification of what type of measures are suggested. The common understanding of this objective suggests classical flood protection (higher dams) and other risk management measures (fire protection, industrial hazard). From an environmental point view it seems that adaptation, although taking a more prominent role in the regulations, seems to be not fully understood.

A basic problem is the lack of adaptation strategies and actions plans that would define concrete actions that could be included in the operational programmes. For flood protection, the new regulation gives more space for ecosystem based solutions, but the potential for uptake is still low and will need considerable efforts to change decisions makers' attitudes towards new solutions.

Climate change adaptation

In order to be able to develop more concrete or specific measures, an assessment of existing strategies and action plans is required – this should be linked with an exchange on good practice across Europe.

The European Commission should prepare guidelines for adaptation measures to be implemented with regional funds, with special attention to environmentally friendly measures. They should go beyond the basic principles as presented in a staff working document on guidance on integrating adaptation into Cohesion Policy[2]. Big infrastructure projects should be assessed also by adaptation criteria (defined for certain type of activities) to reduce their potential impact (e.g. soil sealing, air circulation).

Adaptation measures for urban areas should include:

- Greening roofs to improve air quality.
- Rainwater collection to reduce the impact of extreme weather conditions.
- Green zones and biodiversity protection to improve ecosystem resilience.
- The reuse of rainwater.
- Small retention measures.
- Green infrastructure to protect ecological networks, create migration corridors and 'stepping stones habitats'.

Risk management

Appropriate cost benefit analysis is needed to show the long term advantages of ecosystem based solutions versus 'grey infrastructure' solutions; long-term water management to ensure the 'provision of public goods' should be considered.

Each project should start with a 'management plan for catchment areas'. In order to avoid conflicts over land use (agriculture versus natural flood protection), awareness raising and facilitation efforts are recommended.

Such conflicts are also caused by ill-conceived land use planning or agricultural subsidies, therefore any long term solution needs to consider better coordination of different instruments and their long-term combination.

Decision makers should be better informed about ecological solutions, and exchange of good practice should be facilitated:

- Natural flood protection measures should be a priority, featuring the ensuring of more space for nature with the restoration of river beds and wetlands as the key elements of an ecosystem-based approach.
- The promotion of monitoring systems dedicated to certain risks.
- Preventive, ecological forest management measures to avoid fire risk and storm damage.
- The limitation of invasive alien species.

2 http://ec.europa.eu/clima/policies/adaptation/what/docs/swd_2013_135_en.pdf

3. Bottom-up! The integration of Community-led Local Development into the 2014-2020 funding period

The newly introduced Community-led Local Development (CLLD) is an attempt to bring EU funds closer to local needs, to bolster democratic decision-making structures and to strengthen public involvement in managing the development of regions they live in.

The added value of bottom-up approaches

Experience from the current 2007-2013 programming period shows the significant advantages of programming and the implementation of EU funds at the local level. Partnership encourages local actors to comprehensively assess the needs and potentials of the region, going beyond their individual perspectives.

In regions where Local Action Groups (LAG) have sufficient capacities and access to methodical support, they are able to create space for public participation in local planning, encourage citizen engagement and thus strengthen civil society in the region.

The possibilities of LAGs to decide upon the conditions surrounding the utilisation of finances increases the accessibility of EU funds for certain types of beneficiaries, such as small municipalities, small enterprises and local NGOs.

Experience from LEADER shows how the huge potential of such a bottom-up approach can be fully realised only through an appropriate set up of CLLD, which needs to be developed in close cooperation with experts and the representatives of local groups in order to avoid misuse, create ownership and take into account the specifics of both the regional environment and relationships.

The framework for operation of LAGs, as well as the eligible priorities and activities, need to be defined at the level of partnerships. Managing Authorities (MAs) should establish frameworks with enough flexibility on the one hand and clear strategic guidance ensuring focus and the results-orientation of local strategies on the other hand.

MAs should focus on providing methodical support to build up expert capacities for forming and developing partnerships and strategy elaboration and implementation. Such support should take the form of tutoring, facilitation and providing expertise rather than the prescriptive influence of programming through authorities.

A transparent and objective LAG evaluation and selection process needs to be in place in order to eliminate politically driven decisions. The selection process of LAGs should take into account the quality of the strategies, the process of strategy preparation, the level of public participation, capacities and activities of LAG and its members in the region.[3]

Recommendations for CLLD 2014-2020

1. The quality of partnerships must be ensured through public calls for partners and active outreach in the region to invite stakeholders.

2. A detailed description of the partnership building process, as well as background information on partners, is necessary to avoid misuse, nepotism, non-transparency and conflicts of interest.

3. Financial support should first aim at the

3 Selection criteria should take into account environmental sustainability, the process of strategy preparation and methods for taking account of the interests of target groups. Further on consistency and quality of analysis should be evaluated. Criteria have to be linked to concrete indicators and each strategy has to define their initial and target values.

creation of the partnerships and, only in a second phase, on strategy creation.

4. The structure of strategies should be adaptable to the specific needs of regions. Space for updates of strategies should be created so that LAGs can react to new conditions and opportunities.

5. CLLD and LEADER should focus on the financing of the development of local economies that are sustainable, inclusive, and innovative and led by local stakeholders. To achieve this, support for the strengthening of communities and civil society is vital.

6. Regions supported should include urban deprived areas and not be limited to rural regions. Synergies with integrated urban development strategies need to be ensured and the specifics of urban environment need to be taken into account with strategies framed thematically rather than territorially, e.g. low-carbon and sustainable development strategies including mobility and energy aspects.

7. Environmental mainstreaming needs to happen during the strategy preparation and it should be one of the goals for technical and methodical support.

8. The level of financial support for LAGs should be differentiated using several criteria, such as size of the area, and its economic and social situation.

9. The reporting model has to be simplified and it should follow the quality of outcomes and capacity-building activities of LAGs, not only the level of spending and fulfilment of formal requirements.

10. The rules for CLLD and LEADER implementation should be prepared in a timely fashion and should be clear and comprehensible. Changes in regulations are acceptable only in exceptional cases and should be adopted only after consultations with beneficiaries.

11. A well-working system of communication with applicants and beneficiaries should be created, enabling the direct personal contact of LAGs and representatives of MAs.

12. It is necessary to start the implementation in due time and to enable faster selection and approval of proposals and the signature of contracts.

13. In order to fully utilise the absorption potential of the regions, focus should be placed on well defined financial conditions (such as eligibility of activities and expenses, rules for advance payments and co-financing).

14. The roles of institutions responsible for the implementation of LEADER and CLLD should be clearly defined and a well-working system of coordination between both tools should be ensured with clear responsibilities for all institutions.

4. The devil is in the implementation. Experiences from the partnership principle in EU funds programming 2014-2020

September 2013

At the peak of EU funds' programming, experiences from CEE countries reveal deficiencies in the application of the European Code of Conduct for Partnership (ECCP) and a flawed implementation of the partnership principle. This undermines the credibility of the programming process and leaves untapped the benefits that would accrue from the comprehensive involvement of all stakeholders.

The partnership principle in Cohesion Policy is supposed to provide for a comprehensive and early stage involvement of all stakeholders into planning, implementation, monitoring and evaluation of EU funds' investments. This involvement can bring various benefits and added value when it comes to enhancing collective commitment and ownership of the EU policies and investments, increasing available knowledge, expertise and viewpoints in the projects' design and selection, and efficient project implementation, as well as ensuring greater transparency in decision making processes and helping to prevent fraud and misuse of tax-payers money.

The European Commission's proposal for a new Cohesion Policy legislation stipulates in article 5 of the Common Provisions Regulations the introduction of a so called "European Code of Conduct on Partnership" (ECCP). This ECCP should give guidance to member states and promote best practices in the field of partnership regarding partners' involvement and dialogue with decision makers; their selection process; access to information, to time lines and planning documents; reporting on consultation and consideration of partners' opinions; and the flexibility on specific procedures, combined with the responsibilities to ensure a transparent and participatory process (including to report on measures taken in that regard).

Thus it aims to address one of the main weaknesses of the current application of the partnership principle – diverse practices and qualities of involvement in different member states leading often to low-standard partnerships.

During the negotiations on the legislative framework (the "trilogue"), member states succeeded in preventing any binding requirement or enforceable minimum standards they would need to adhere to. Under pressure from member states, the whole partnership principle has been hollowed out and is now put under the reservation of "full flexibility", allowing as much "good conduct" as appropriate from the point of view of the ministries involved.

Member states committed themselves "already in the preparatory phase of the programming documents [to] take into account as far as possible the principles of the draft Regulation[4]", i.e. the main elements of the partnership principle even though the regulations are not yet finally adopted. In February 2013 CEE Bankwatch and partners communicated a cautiously optimistic view on the application of the partnership principle at the beginning of the programming process.[5] Timelines and the process of involving stakeholders seemed to be set, however the proof of quality partnership was still to come given the early stage of the programming process at that time when the implementation of the partnership principle was just at the beginning.

Six months later, in September 2013 while draft PAs have been submitted to the European

4 Joint declaration of the European Parliament and the Council on the application of article 5(3) of Regulation (EU) No / /2012 (CPR) and the exclusion of any retroactivity relating to it, in particular concerning its joint application with articles 13, 14-and 23 of Regulation (EU) No / /2012 (CPR).

5 http://bankwatch.org/publications/partnership-principle-early-stages-programming-experiences-cee-countries ; http://bankwatch.org/publications/response-ngo-representatives-structural-dialogue-european-code-conduct-partnership-%E2%80%93-de

Commission, and the main structures and priorities of OPs are mainly set, it has become clear that in some Central and Eastern European countries the meaningful implementation of the partnership principle in reality remains a distant prospect.

The conclusions below on the state of play of partnership in **Bulgaria, Croatia, the Czech Republic, Latvia, Hungary, Poland, and Slovakia** show that a number of basic elements of the partnership principle can't be taken for granted without binding requirements: timely access to information and sufficient time for reaction is far from being guaranteed; the involvement of partners didn't happen at an early stage when major strategic decisions had yet to be taken; and a number of member states have failed to establish a reciprocal dialogue where partners receive feed-back on their contributions.

Ultimately this list of partnership shortcomings brings us to the conclusion **that a purely voluntary partnership without common standards much too often continues to end up being a purely formal exercise, and that the promotion of best practices alone is not sufficient to ensure quality partnership.**

Latvia

There are opportunities for providing for input to the programming process, although the overall framework is not very clear and sometimes confusing (several deadlines for commenting on the same document). It has been much welcomed by partners that draft programming documents have been made available in various stages of the process and public consultations have been conducted on the PA and the OP. Providing feedback to NGO contributions has been getting more problematic with programming speeding up and increased complexity of the technical aspects; answers on partners' contributions are still due (June 2013).

The efficiency of partnership often has been dependent on the relationship between NGOs and the relevant ministry. It has worked out best when NGOs and the relevant ministry can reach agreement on problematic issues bilaterally. In other situations it has been virtually impossible to have meaningful partnership in terms of impact and the Ministry of Finance has not been trying to mediate the process, but left everything to the line ministries.

Here NGO involvement was different in each ministry. The process in the Ministry of Environment was quite positive, whereas in the Ministry of Agriculture and in the Ministry of Education they mostly would involve and listen to 'friendly' NGOs. A good example was set by the Ministry of Environment which organised workshops for different stakeholders on each measure that they were responsible for. NGOs could comment and update initial drafts and the ministry sought consensus. This was rather good.

Instead of the SEA process serving as a safeguard mechanism for the environment, what KPMG (a consultancy firm commissioned to conduct the Strategic Environmental Assessment) has recently produced for Latvia views environmental protection as a hurdle. See the full case description on http://bankwatch.org/news-media/blog/all-sea-key-assessment-eu-funds-programmes-latvia-fails-address-environmental-concer.

After partners' repeated calls, the Ministry of Finance invited for a meeting with the result that a more integrated approach is planned and with the help of Ministry of Environment to make sure that environment is properly reflected as horizontal priority and integrated in other programmes.

NGOs need to have sufficient capacity to be able to follow the programming process and provide input when necessary. It has worked well in situations when one member of the NGO community takes the lead on following the process in detail and sends regular updates to other NGOs alerting about deadlines for commenting and necessary actions.

Partners' daily grind

Comments will be considered in 2020:

Latvian Fund for Nature submitted proposals for measures on biodiversity preservation to be included in the Rural Development Programme. The Ministry of Agriculture responded that they would consider that while preparing programming documents for the 2021-2027 programming period.

Confusing deadlines:

There were several deadlines given for commenting on the second draft of the Operational Programme – members of the Temporary monitoring committee were asked to send in comments by August 9; in the official policy planning process the deadline was August 16, whereas for the broader public the deadline was given as August 28.

Ridiculously short deadline:

Environmental NGOs have been approaching the Ministry of Environment regularly asking to be given the opportunity to provide a contribution to the draft Annex to the OP once it becomes available from the Ministry of Finance. Finally on July 9 it was received at 14:05, asking for reactions by 17:00 that same day. The document is 367 pages long and it was the first time NGOs saw it.

The Czech Republic

In the beginning, back in 2012, NGOs were not taken as serious partners and the Ministry of Regional Development (MRD) did not offer any meaningful way for participation in the programming process. Towards the end of 2012 NGOs were finally recognised as a legitimate partner and the MRD offered to allow them to participate in the Steering committees of Operational Programmes and invited them to select five people as representatives of NGOs in each OP. In some OPs, e.g. Environment, all these candidates were accepted for the main Steering Committees. In others, sometimes only a single representative was accepted, some of the NGO representatives were not allowed to participate in the Steering Committees, especially in thematically limited working groups.

In most OPs, some NGO comments were accepted and a comments´ settlement process was prepared. This, however, is true mostly for smaller, more technical comments. More substantial comments, changing the priorities of the OPs, including new areas of intervention or reasoning for excluding others were not accepted. As it seems, the government has prepared the principal OP and interventions structure itself in cooperation with some of the partners such as the Business Chamber or cities, and NGOs were only allowed to make small adjustments. This was also the case for very substantial issues, such as waste incineration, environmental education or support for fossil fuels infrastructure.

In other higher governing bodies, such as Council for CSF Funds and Council for Partnership Agreement Preparation, very limited NGO participation and the lack of official commenting processes with clear documents and sufficient opportunities led to the lack of a working partnership.

The main principles of the Partnership Agreement were prepared long before any NGOs could influence the process. Further, important parts of the PA, such as sustainable development principle implementation, climate mainstreaming or financial allocations to the OPs and priorities are not known to this day. There is an imminent risk that principal questions, such as sustainable development or climate mainstreaming will be added later in a very formalistic way, just to fulfil the obligations set by the EU Provisions, with no real impact over the selection of priorities and projects.

Despite all the flaws in implementation of partnership, NGOs had a rough idea on how, when and on what they could participate in the process so far. The new provisional government, politically not linked to the previous one and installed without consent of the Parliament, started negotiations about EU funds behind closed doors, in fora that are not officially established and most probably only selected partners are invited to participate. NGOs have been excluded.

Partners' daily grind

Selection of the "relevant" partners:

During a meeting in the Ministry of Regional Development in 2012, the demand for including NGOs as partners into the programming process was responded to by one ministry representative in a quite optimistic manner regarding public interest: "Do you know how many NGOs are there in the Czech Republic? 72.000. If we wanted to include them into programming, we would have to rent the world championship ice-hockey arena."

In the meantime the ministry understood that there are umbrella NGOs and now accepts some individuals representing NGOs in most of the processes.

Hungary

The programming in Hungary started without any public information on the partnership; partners described the process as not transparent. The application of the partnership principle and code of conduct is not clear; the management of planning and programming is mostly ruled by government decisions. Bankwatch member group

MTVSZ sent recommendations and principles on partnership to the relevant ministries in 2012.

The Ministry for National Economy invited some "expert/professional partners" for a consultation on the draft PA and the programming process in June 2013. No material was sent to the invitees beforehand. After the meeting, the participants got the draft PA with the opportunity to comment on it by 30 June. On that same day Hungary submitted the PA to European Commission (without including partners' comments). In August the Ministry organised an open public consultation about the draft PA – the results of this consultation are not yet known.

Regarding operational programmes: only the Rural Development OP was opened for consultation. The government did not involve any environmental NGOs in the preparation of other operational programs yet, contradicting the recent draft PA that refers to earlier involvement of environmental NGOs.

Partners' daily grind

Better not communicate:

The Prime Minister's office, responsible for the overall Partnership, is not communicating about the process of putting together partnerships. When approached in June by the Hungarian Bankwatch member group for clarifications on how things are going, they didn't even bother to answer – no communication, not a good start for partnership.

Slovakia

Ministries have established official partnership groups consisting of key stakeholders – meetings were called for each milestone in OP preparation. Members had the possibility to negotiate their inputs bilaterally with the relevant ministries. The level of openness to and access for NGOs differs.

The Ministry of Environment, Ministry of Economy, Ministry of Interior Affairs and Ministry of Transport have been good in communicating reactions to proposed inputs and demands.

The Ministry of Labour and the Ministry of Education however have been lagging behind, with very little open agenda and with very few and delayed meetings.

The whole process is ad-hoc with no involvement of partners in the actual preparation of documents. The number of amendments based on inputs from stakeholders differs but is rather limited in all cases. Existing best examples in the dialogue with partners, the processing and incorporation of contributions and evaluation of inputs is not being taken into account by the Ministry of Interior Affairs responsible for OP Efficient Public Governance and the Ministries of the Environment and Economy responsible for OP Quality of Environment.

Work on the Partnership Agreement was less participatory with only one session involving the presentation on the analytical part. A public consultation was launched regarding investment priorities but no clear follow-up process to the consultation is visible.

The Plenipotentiary for Civil Society has proven to be a powerful ally. This office is an important capacity during programming. As a government office representative he has access to all internal procedures and fora. A lot has been achieved through his office including the creation of working groups and nominations that have been respected by the government, as well as actual contributions to OP architecture, setup and content. The problem is that the success depends on the individual person rather than on the office itself.

Partners' daily grind

Establishing transparent processes:

Within the Ministry of Transport even ministry staff do not have access to working documents and have problems to get them. Even those people who will later administer them lack information about the OP in their areas – an argument for "horizontally" applying the partnership principle within the ministry ...?

Poland

The application of the partnership principle and the code of conduct at this stage is insufficient regarding transparency and responsiveness. Working groups on particular Operational Programmes were being formed after the Partnership Agreement was adopted by the government (no civil society partners were included in the earlier stage of the process); it was considered to be an "inter-ministerial process". However, agreement by the Ministry of Environment, which did consultations with environmental NGOs on the PA, was not secured.

The government is "passively resistant" in its involvement of partners. The partnership process feels like a facade – a process that looks perfect when put into official reports for the European Commission, but in practice on the national level it leaves almost no space for engagement.

The situation looks better at the regional level though, where there is real opportunity for dialogue and exchange.

Partners' daily grind

The responsiveness of an IT system:

In August 2013 the Ministry for Regional Development announced the public consultations of the Partnership Agreement. The deadline for submitting comments was August 30th and they could be submitted only via the online system. When the coalition of environmental NGOs started to submit its comments it appeared that for some parts of the Partnership Agreement submitting any comment is impossible due to the architecture of the online system. The person that submitted the joint comments didn`t receive any confirmation that submitted comments were successfully placed in the online system.

Lack of feedback, however is not only true for the IT system: in general there is little if no reaction to partners' contributions, no one basically gets any feedback in submitted ideas and proposals. And this is not due to the technical specificities of an online tool ...

Bulgaria

Many decisions were taken behind closed doors during the summer. The general feeling since May-June with the new government was that programming has been frozen. In the meantime some programmes have been modified: there are positive developments in the rural Development Programme where safeguard mechanisms have been included. Also, in OP Environment NGOs will be able to apply for grants for demonstration projects. In the current period only biodiversity projects with quite a high threshold were eligible to be implemented by NGOs.

Mechanisms related to climate change, though, seem to be less appealing to the government. At the moment climate mainstreaming of programmes is in decline - e.g. measures for adaptation under OP Regions in Growth were eliminated.

Most of all, and despite the mentioned positive developments, these modifications took place without the knowledge of the Working groups. Representatives of civil society are expected to confirm or rubber stamp "draft" decisions. There is also the feeling that after the changes in staff that came with the new government, the new heads of the OPs are very insecure – some of them we know from before, and they were very cooperative and talkative, yet now they seem to be afraid to speak to CSOs. Further there are a number of proposals in the working groups which remain unanswered; in other cases replies on submitted positions are very basic and/or hardly comprehensible.

Partners' daily grind

The empty cash-box highway:

The OP managing authorities keep asking for money for roads from Brussels even though they risk losing the money: this summer the Bulgarian government said that they cannot find the money to assess the program for OP Transport ...

Croatia

The programming process is running behind the official timeline. In this regard it is early to assess the application of the partnership principle, as the process of programming did not reach the public yet. However, public consultations on Partnership Agreements and OPs are expected in the autumn.

Conclusions

The experiences of civil society partners engaged in programming across CEE countries vary, depending on national circumstances, but some general conclusions and recommendations can be drawn in order to improve the performance of implementing the partnership principle, for the common benefit and best possible programming of the EU funds.

ECCP during programming

- Minimal binding standards for the partnership principle and its enforcement should be ensured, instead of leaving the decision on partnership implementation entirely to national authorities.
- Close feed-back mechanisms and direct

dialogues among partners have proved to be the most effective way for a high-quality partnership, therefore feedback to the partners should be provided and published in a timely fashion; consultation workshops are recommended as effective and fruitful dialogue tools.
- Enough time should be given to respond to and provide contributions on consultations on programming documents.
- NGO representatives should be invited to official meetings of MAs with European Commission representatives, to provide enhanced dialogue and thus added value to programming and implementation of the EU funds.
- NGOs should be included in national as well as regional working groups on OPs/PAs.
- National/regional partnership implementation rules should be elaborated based on the ECCP, and currently valid rules of procedures should be enhanced accordingly.
- The balanced composition and proportionality of civil society partners should be ensured.
- Regular public consultations should take place, not only on official versions of OPs/PAs, but also on different drafting stages, implementation documents as well as Strategic Environmental Assessment.

At the European level:

The European Commission should monitor and report on the applied practices of the implementation of European Code of Conduct on Partnership (ECCP) in programming in the particular member state, and assess partnership principle (PP) implementation against best practices and provide feedback to relevant member states and partners.

At the national (and regional) level:

The early and comprehensive involvement of partners, before major strategic decisions are taken, should be ensured. The consultation process should be open to strategic issues, such as the quality of implementation of horizontal principles, overarching guiding strategies and comprehensive concepts like the "mainstreaming of sustainable development" – in many cases there is only an opportunity to provide comments to particular phrasing in OPs/PA, which narrows significantly the scope of discussion.

Decision making within and the structure of Monitoring Committees:

- Monitoring Committee (MC) members should be elected by stakeholders, and members who don't participate actively should be replaced based on reconcilable criteria.
- In order to ensure the equal status and treatment of all members, voting rights for NGOs in MCs should be granted, as in most of the countries NGOs can be merely observers to the decision making process taking place in MC meetings.
- Managing Authorities (MAs) should involve partners in project selection, especially to ensure that 'horizontal principles' of an environmental and social nature are taken into account.
- MAs should consider the size of working groups regarding the number of members and the efficiency to take decisions, and eventually create substructures (e.g. sectoral groups).

Technical Assistance (TA)

TA should be available for NGOs, especially for capacity building and their involvement in the programming cycle.

5. Same old, same old – No signs yet that Bulgaria is getting real about how to spend its future EU budget money

October 2013

With less than three months to go until the 2014-2020 EU budgetary period gets underway, a Bulgarian Partnership Agreement is being discussed with the European Commission – but the less said about it the better: summer 2013 will be remembered in Bulgaria for the growing cacophony of anti-government street protests. Thus, not surprisingly – and chiefly due to the protests – very little was happening with Bulgaria's own 'efforts' to get ready for the end of year programming deadline.

During the period April-August, practically nothing structured took place, or at least nothing was visible to civil society groups 'engaged' in the EU Funds programming process.

The working groups that are supposed to elaborate the new operational programmes, and that involve NGOs, had no meetings. From time to time, of course, came news of high ranked people in the state administration – people responsible for the EU Funds – being fired. But this is to be expected when governments change in a country like Bulgaria.

A single event, aimed at presenting our country's draft Partnership Agreement (PA) with the European Commission came almost by surprise in June – NGOs were, needless to say, invited to take part in it a day or two in advance. The invitation found most organisations unprepared to react or participate, and no discussion materials were sent in advance.

Then in August, again suddenly, a new draft of the PA was submitted to the Commission. Of the previous, first draft, the Commission had had difficulties to mention anything positive, but this August update was duly accepted as the basis for the current ongoing negotiations.

There has been some progress in the PA text, but there is still a lot to do. Meanwhile, for many of the involved people at the state administration level, the 'acceptance' of the PA text seems to have delivered the message: "It's a fine document – the work is over".

What's in the Bulgarian Partnership Agreement for EU Funds 2014-2020?

The PA document does, notably, begin by presenting a relatively good analysis of the problems and deficiencies that have to be targeted in the country – including numbers that have never been systematically presented to the public before, and tending indeed to confirm that Bulgaria is still anchored to the bottom of the EU member state league table for economic and social development or environmental legislation.

For example, the analysis reconfirms the critical, debilitating mono-centric development of the country (the 'Sofia-and-all-the-rest' model) that has seen our capital city alone benefitting from political and "budgetary" steroids for decades.

Also, serious structural discrepancies are pointed out such as the over-reliance on electricity for the heating of homes, 40 percent compared to the EU average of 11 percent – a number that should be enough to ring bells about how Bulgaria urgently needs to promote not large new capacities in electricity and instead take the path of small scale, decentralised renewable energy.

A good overview of the problems connected with the national rail network and services is followed by a rather more artificial analysis of the critical situation surrounding Bulgarian roads. The upshot is that Bulgaria will continue to ask for money from the European budget for all classes of roads, even though this is at odds with the strong declaration from the Commission that roads are no longer to be a focus of infrastructure development, and that instead much more EU money is to be invested in clean transport modes – especially railways.

Desperately seeking solutions

Then comes the second part of the document that sets out to elaborate necessary solutions via the forthcoming injection of new EU money – and here the PA draft loses coherence. An overall lack of systematic and strategic thinking vis-à-vis targeting the problems of the country quickly becomes apparent.

The second half of the document, moreover, is full of wishful statements – there everything one would like to hear when it comes to sustainability, environment and low carbon economy.

Concrete measures are not evident all the time, but it is very apparent that where there are listed measures there are generally no targets – for example, no aspired to CO2 savings in the 'low carbon economy' thematic objective, no quantitative impact in any area. The impulse being set in place – one that is very familiar from previous EU Funds experience – is that projects will be dreamed up and conceived because funds are available, not the other way around: funding is to be found, and provided, in order to reward good, verifiably beneficial projects.

The listed national priorities do not even mention climate change never mind low carbon economy. And the five listed priorities of the Bulgarian 2020 strategy have tried to shoehorn in all of the 11 thematic objectives of Europe for 2014-2020 – thus there is a definite lack of 'thematic concentration'.

Even though rail transport is a top priority for the 2014-2020 period, there is an envisaged reduction in the rail network to "reasonable size" – and this reform fails to identify examples of rail sections that have to be cut. This term instead opens the door for disasters. When it comes to sustainable urban mobility, bike transport is mentioned only once in the entire document, leaving the impression that it is little than an after-thought – bike paths are not mentioned at all. The problem of rising car numbers is recognized, yet not a single measure to take people out of their cars by providing them with better public transportation services has been listed.

Other stand-out problems associated with Bulgaria's PA document as it currently stands are briefly noted in turn below.

Green jobs – there, but not planned

"Putting the cart in front of the horse" is what Bulgarians say in situations such as this. Green jobs do not seem to be envisaged under the PA and in the Operational Programmes. At the same time it is to be welcomed that in the next programming period hundreds of millions of euros will be invested into the low carbon economy – yet little thought has been given as to how to tackle the lack of qualified people to implement all of these projects.

Just one example from the current EU budgetary period illustrates what can happen – low quality insulation was poorly installed in kindergartens and other public buildings, resulting in insulation falling from walls. If skilled workers are not available, quality work cannot happen and the entire push towards greater energy efficiency and renewables may be undermined because of such inauspicious starts. It is clear that Bulgaria and the eastern bloc countries as a whole are trying to escape the 'planned economy' – but no planning at all may be just as counterproductive.

Gas – the green-labeled fossil fuel lurking on the sidelines

The analysis alludes to the fact that the penetration of gasification in Bulgarian households is very low. Instrument to support gasification in residential and public buildings should not be supported, as this decade should be all about writing no new subsidy cheques to support fossil fuels.
However, as a result of energy efficiency argumentation and when changing the fuel base, gas often gets in and leaves the door closed for small scale renewable heat solutions. It is incomprehensible that companies enjoying such huge profits – like the gas companies – are still entitled to pursue EU public money.

The need to improve energy efficiency in buildings – as the greatest untapped potential for energy savings – is, it has to be said, well established and iterated in the PA document. This, though, is somewhat undermined by the lack of specific targets for such measures.

Waste management targets – unreachable

The PA document acknowledges that Bulgaria continues to landfill most of its domestic waste – with a five percent increase in recycling between 2010 and 2011, the country has started to recycle seven percent of its domestic waste. Nevertheless, very few municipalities have adequately structured plans and systems for the separation of waste and waste prevention and recycling.

At the same time the 2020 target is 50 percent recycling of domestic waste, with interim targets of 25 percent by 2016 and 40 percent by 2018. This hoped for scenario seems impossible as the project for waste management in Sofia (one quarter of the country's total population) threatens to achieve only 7 percent recycling. If the project in question goes ahead, the rest of the regional projects around Bulgaria will have to compensate for Sofia and achieve over 50 percent recycling.

Compounding this is that the PA completely fails to recognise the target for construction waste recycling which is 70 percent by 2020 – in the entire document this target is completely absent.

A development model that continues to freeze out the acutely suffering regions

As is being proposed, and this is a phenomenon blighting the future EU funding programmes in other central and eastern European member states too, many of Bulgaria's economically backward regions that are afflicted, post-crisis, with shockingly high unemployment rates (especially youth unemployment), look set to be once again pretty much frozen out from receiving an equitable share of EU money that would be highly welcome in such tough times.

Meanwhile, some of the country's bigger urban areas are engaging in their traditional lobbying fight aimed at securing as much of the Brussels pie as possible. With such budget battle lines drawn, it is inevitable that attention will be focused on sorting out these high level debates – Bulgaria's less developed regions don't stand a chance, and will be left with crumbs once again.

Green public procurement – the unwanted child

Green public procurement does receive a few mentions in the PA – as an instrument that will be used considerably to reach sustainability goals in the new programming, and to turn the spending of the EU money into a model process. Yet, at the same time, Green public procurement rules have not been adopted as obligatory, or even as highly recommended, in any of the operational programmes, despite a number of attempts from NGO coalitions that have pushed for such.

Community Lead Local Development (CLLD) – only in rural areas

Unfortunately CLLD is not being envisaged for urban areas, the reason being – disappointment with the approach from past experience in rural areas. This is a strange logic given that the cities concentrate much more developed human resources and capacity to manage projects, and cities are exactly where the approach can be implemented much more successfully.

A work very much in (slow) progress

Overall, the PA is thus far only a basis for talks, and a lot more work is crying out to be done. As things currently stand, the relevant Bulgarian authorities have barely covered half of the required ex-ante conditionalities – the published table in Annex 3 of the PA shows that 36 ex-ante conditionalities have been covered, while 33 remain to be covered.

With much negotiating emphasis seemingly being placed on budgetary items such as roads, it appears that most of the progressive ideas remain out of sight for the new programming period. Bulgaria seems to be determined to keep repeating, if not multiplying, its old EU Funds programming mistakes.

6. Get your EU funds house in order – Hungarian group takes climate and jobs appeal direct to government's doorstep

December 2013

With only a few weeks to go now until final crucial decisions are taken that will determine Hungary's EU spending plans for the next seven years, Bankwatch's Hungarian member group MTVSZ decided last week that it was about time the Hungarian government got its house in order when it comes to beneficial EU allocations for cutting domestic energy bills, stimulating the Hungarian economy and fighting climate change.

Outside the Ministry of Economy in Budapest, MTVSZ and Bankwatch, represented by the network's Executive director Mark Fodor, expressed the importance of more public investments via the EU funds in environmental protection and energy efficiency, as both an insulated house and a non-insulated house were erected - a fast construction process indeed, but one that aimed to promote the delivery of long-lasting benefits for Hungarians and our environment.

As with other central and eastern European governments, the Hungarian government's planning documents for EU spending in the 2014-2020 period do give prominence – in principle at least – to the need for a transition to a low carbon economy and environmental protection, in line with EU priorities.

However, in the Hungarian spending plans the aspirations on paper are not being matched by real ambition in the actual spending figures across the so-called EU 'operational programmes'.

Draft documentation seen by MTVSZ, under Hungary's 'Environmental Protection and Energy Efficiency Operational Programme' (KEHOP), suggests that less than 15 percent of the total EU funding available, approximately EUR 3.7 billion out of total EUR 24.3 billion EU development money for Hungary) is set to be mobilised – a figure that is nowhere near enough to meet the set objectives.

The groups underlined in a petition – handed over at the action to a Ministry of Development representative, and sent in parallel to other relevant ministries – that the current EU spending proposals simply do not go far enough for the government to fulfill pledges made in recent years to introduce affordable energy efficiency measures in Hungarian homes, nor to implement the necessary environmental measures that are indispensable for the protection of natural resources and human health.

As a result of its close monitoring of the ongoing Hungarian EU programming process, MTVSZ believes that at least an extra EUR 0.3-1.7 billion should be added to KEHOP for energy efficiency and environmental protection in order to meet these challenges and governmental priorities.

And these funds could be shifted, for example, from currently over-generous draft EU allocations for Hungary's road infrastructure, the kind of investment money that could instead, we believe, be covered by road tolls.

Grasping the EU funds potential to ramp up energy efficiency in Hungarian homes is something the Orbán government cannot afford to pass up – the benefits are clear for the public both in terms of reduced bills and the increase in jobs that will come as the work is carried out. Hungary's energy security and independence, equally, will be enhanced.

We set up our stall – and our houses – outside the Ministry of Economy, and it is now time for the necessary planning permission, in the shape of EU budget adjustments, to be granted.

The Hungarian government must now significantly increase the financial resources devoted to the Environmental Protection and Energy Efficiency Operational Programme, focusing on residential energy efficiency, energy awareness, conservation and support for awareness-raising programmes.

7. EU Funds to the rescue in Krakow – Local campaign leading the way for Polish communities sick of (and sick from) coal

October 2013

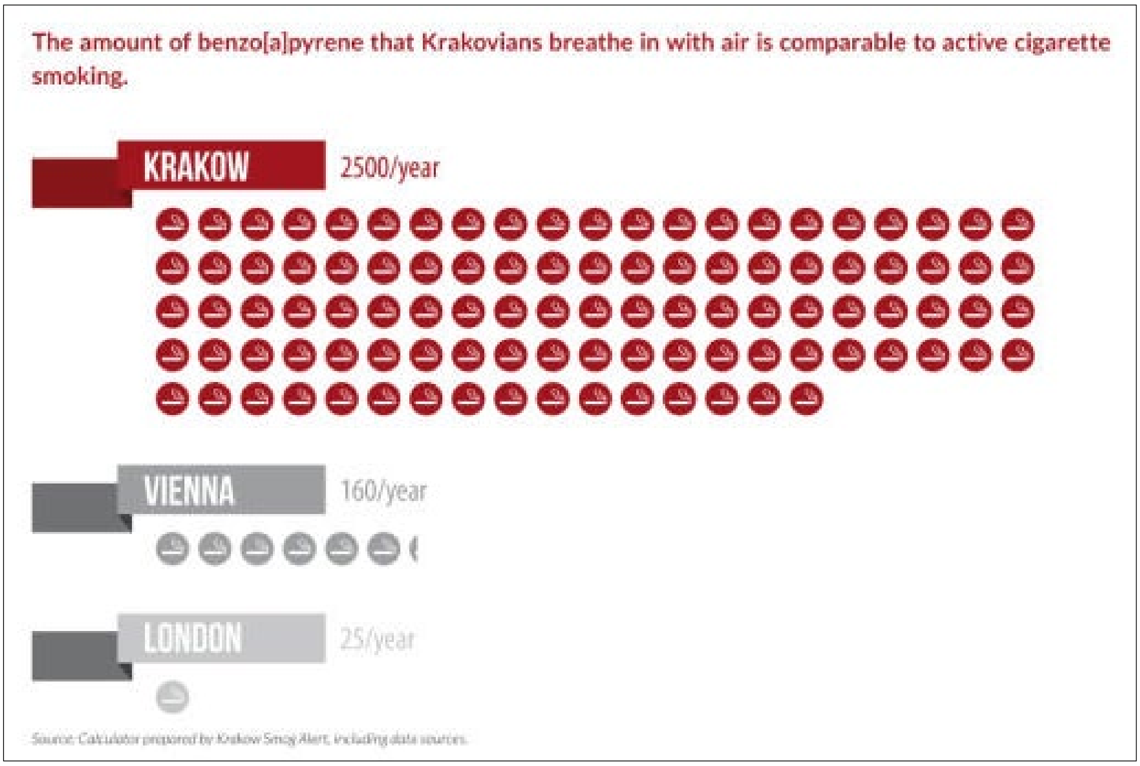
The likely allocation of EU funds is set to bring about a breakthrough success for a popular and dearly needed campaign for better air quality in Krakow, Poland.

As the now frankly absurd EU budget 2014-2020 stalemate staggers on in Brussels, it's been heartening to get wind of what groups in Krakow have been achieving as part of the 'Krakow Smog Alert' campaign in Poland's second largest city – and future EU budget money looks set to make a huge positive difference for people living in currently Europe's third most polluted city.

Last winter, the time of year when the effects of coal burning are most acute (both outdoors and indoors – coal-burning in stoves, furnaces and boilers for heating is still widespread in the city during the winter months), concerned parents in Krakow had had enough of the peak smog's impacts on their children's health. By breathing Krakow's air, the city's inhabitants inhale the same amount of the highly carcinogenic benzo(a)pyrene as you would from smoking 2500 cigarettes a year.

Poor air quality in London continues to attract attention, as well as numerous campaigns. But let's be clear – air quality in Krakow is 100 times worse!

A Facebook campaign called Krakow Smog Alert was thus launched, and quickly gained city-wide interest and support. Indeed, the overwhelming response in the first few weeks of the campaign



created a sense of urgency and political space for local policy makers to seek real solutions for improved air quality in Krakow. The city's doctors also rallied to the cause.

Air quality regulation experts subsequently visited in order to brainstorm solutions with local and regional officials, including the implementation of energy efficiency programmes.

A breakthrough moment duly arrived just a few weeks ago. On 30 September, the Malopolska regional parliament adopted an ambitious air quality programme, which includes a proposed banning of solid fuels (coal) heating for households in Krakow starting in 2018, and adopting a strategy to phase out coal use in the rest of the region.

The plan includes the allocation of EUR 120 million from EU structural funds (for the forthcoming 2014-2020 EU budgetary period), as well as a sixfold increase of the local budget, in order to subsidise the replacement of coal stoves and improve the efficiency of public and residential buildings.

All of this has been achieved in spite of the dominance of the coal industry in Poland's energy sector. Not surprisingly, this pioneering effort, and the stunning progress made against all the odds, has been attracting attention from coal-affected citizens across Poland – from Gdansk in the north to neighbouring Zakopane, a top European mountain resort that also suffers from coal-induced pollution.

Clearly Poland's powerful coal lobby is – belatedly – catching up with the Krakow Smog Alert's giant strides forward towards ensuring a healthy environment for the people of Krakow.

The air quality programme and coal ban was finally adopted in the Malopolska Marshal Office in November 2013, and the ban will be introduced.

8. “Move over Poland!” Czech parliament bids for EU ‘dirty energy’ crown, as renewables subsidies make way for fossil fuels

September 2013

A new law that will redraw the Czech Republic’s approach to renewable energy is suspected to bring the development of the Czech renewables sector to a standstill and instead provide a boost for the country’s fossil fuel sector.

No sooner had Polish prime minister Donald Tusk reaffirmed his preference for fossil fuels last week – “The future of Polish energy is in brown and black coal, as well as shale gas”, he told an audience last week in Katowice – than the Czech Senate approved a bill on Friday to revise the country’s renewable energy legislation that will not only seriously undermine the development of clean energy but, stunningly, will also provide a major boost to energy plants that burn fossil fuels.

This Kafkaesque situation, that has swept through both chambers of the Czech parliament at breakneck speed, also has worrying implications for the upcoming deployment of EU budget money intended for low-carbon projects and initiatives.

The political scene in the Czech Republic has been hamstrung for some months now, with the latest major scandal – there have been more than a few in the last fifteen years – bringing down a fragile and deeply unpopular coalition government over the summer. The latest round of parliamentary elections are set to take place in October, following a messy no confidence vote against President Milos Zeman’s hastily convened interim government.

Yet despite politics effectively being on hold in the country, this newly proposed law that will redraw the Czech Republic’s approach to renewable energy – environmental groups and renewable industry groups fear that the legislation will bring the development of the Czech renewables sector to a standstill – has whistled through the parliament, and now awaits inevitable sign-off from Zeman.

Renewables backlash - What explains all of this?

According to a spokesman for the country’s dominant, 70 percent state-owned energy giant ČEZ, “Definitely we welcome (today’s Senate decision), it’s a step in the right direction, to gradually limit the spiral of support for renewable energy which has deformed the entire market”.

This ‘deformation’ of the Czech energy market, stemming from the introduction of generous feed-in tariffs – subsidies – for solar photovoltaics in 2007, is not an incorrect summation, yet it conceals a host of other factors.

Though never acknowledged by the likes of CEZ and other major energy players, the ill-conceived feed-in tariff that has catalysed the Czech ‘solar boom’ in recent years did distort the energy market and bring about public anger towards renewables because of rising electricity bills – but this was precisely down to the tariff regime encouraging major energy investors, including CEZ, to move massively into photovoltaics, assured as they were by guaranteed, highly advantageous rates of return.

And if the public were getting it in the neck through rising bills that picked up the cost of the feed-in tariff regime, the government of the day dithered over taking action that could have stemmed big energy’s solar bonanza. Indeed, the minister of industry at the time, Vladimír Tošovský, is a former director of ČEZ Trade.

External criticism…

When the proposals to revise the ‘supported energy sources law’ came to light some months back, they were criticised by the International Energy Agency - and it’s not hard to see why.

In line with big energy’s successful ‘punishment’ narrative for genuine renewable energy, feed-in tariffs for wind and solar energy will now be phased out. Eligibility for subsidy support will apply instead only to hydro power (up to 10 MW), combined heat and power plants (including existing plants using coal and gas) and so-called 'secondary sources' – this will see the subsidising of biomass used in waste incinerators, hence providing the unsustainable, and unpopular, incineration sector with a vital boost. In financial terms, under the new law support for incineration and fossil fueled CHPs is estimated at CZK 1.8 billion, or EUR 72 million.

Support for electricity production from all other sources of energy will cease as of one minute past midnight, January 1, 2014.

… external support?

And it's precisely at that moment when the new EU budgetary period for 2014-2020 will begin.

The expectations about the next seven year spending period's potential to boost our clean energy development have been cautiously optimistic. After all, we've seen at the EU member state level a determination to channel 20 percent of future EU spending at low carbon projects and initiatives.

However, the new fossil-fuel heavy preferences laid out in the revised renewables law have already been reflected in EU spending proposals under the Czech Republic's main programming line for 'renewables', the so-called Operation Programme for Enterprise and Innovation for Competitiveness (OP EIC).

EU funding support of roughly EUR 1.3 billion for supposed 'low carbon economy' measures is most definitely being sought by the Czech Republic's big energy fish for carbon intensive energy production.

OP EIC has clearly been targeted by the Czech Heating Association, one of the most powerful lobbies in the country that includes ČEZ, other major energy suppliers (including some coal power plants), as well as the owners or developers of waste incinerators. The Association's CEO is none other than former prime minister Mirek Topolánek, forced to resign from office a few years ago after yet another embarrassing scandal. As Czechs say of our disgraced politicians, 'They may exit out the door, but sure enough they'll be back through the window.'
A double heist, then, is shaping up under the guise of 'clean energy' support – both at the national level, via the soon to be rolled out new feed-in tariff scheme, and potentially through subsequent EU funds support. It is absolutely imperative that the European Commission, in its EU budget negotiations with the Czech authorities before the end of the year, is alive – and wise – to what is being attempted.

Not only are these developments extremely bad for the environment, but the 'double heist' scenario is also bearing down on the Czech public.

Fed the line that they are being allowed to escape from the chains of high cost, publicly subsidised renewables, the new law will still be a burden – only now they are about to start feeling the feed-in tariff for waste incineration, the co-burning of biomass and coal-based combined heat and power plants, not only in their pockets but also in their environment.

9. All at SEA – key assessment of EU funds programmes in Latvia fails to address environmental concerns, opportunities

August 2013

A so-called 'strategic environmental assessment' (SEA) of EU funds programming documents is supposed to explain to stakeholders and the wider public the likely impacts – both positive and negative – on the environment as a result of the implementation of the Latvian funding programme for 2014-2020. Around EUR 4.5 billion is at stake in Latvia over the seven year period. If certain projects or initiatives are likely to bring about detrimental impacts, then an SEA is supposed to lay out the necessary steps to prevent, reduce or offset such impacts.

An SEA for future EU funds spending, it should be noted, is a requirement under both national and EU legislation.

Yet the recently published SEA report produced by international consultants KPMG for Latvia's one over-arching operational programme – called, in the jargon, OP Growth and Employment – is the reverse of what it should be. Instead of the SEA process serving as a safeguard mechanism for the environment, what KPMG has recently produced for Latvia views environmental protection as a hurdle.

For example, the SEA report describes how in some cases nature protection measures have turned out to be damaging for economic activities, and also stipulates that any new EU directives in the field of environment may undermine economic development.

On page 60 of the report, we learn that: "It is likely that in the period 2014-2020 in the EU there will be new environmental directives adopted and there are no resources foreseen for implementation of these new requirements. It would cause additional costs and restrictions to economic activities. [...] Already now designation of nature protected areas in the bay of Riga has caused serious economic problems and burden to ports and sea freight transport, whereas there is no adequate protection of these areas ensured". The report also suggests that before deciding on the protection of nature, we should calculate the costs and assess whether we can afford to sustain that.

Perhaps more concerning is that the SEA report seems to be oblivious to the fact that infrastructure or development projects, by their very nature, do have an impact on the environment. Pages 55 and 59 seek to downplay environmental impacts because, according to the authors, there is not enough detail in the OP itself about planned activities: "the OP doesn't contain any specific measures or activities that could lead to negative impacts on environment in medium and longer term, threaten biodiversity or such."

But let's look at one example from the OP, a specific objective that aims to "facilitate the development of the major ports, increasing their carry capacity and safety level". Indicative activities intended for support in this regard include: the reconstruction and construction of access roads for road transport and railway as well as the relevant infrastructure, and; the reconstruction and construction of moles and breakwaters, aquatorium deepening".

It is clear that these kind of measures will have some environmental impact and risks, and that, therefore, these ought to have been assessed and described in KMPG's report.

Similarly, the report also fails to give any environmental assessment of the likely impacts of such activities as: "reconstruction of the main highways within TEN-T network and connection of city infrastructures to TEN-T network", and; "investments in development of Riga and Pieriga transport infrastructure ensuring the multimodality of Riga as a metropolis". Among other things, the latter plans envisage an increase of transit freight movement on the left bank of the Daugava. Once again, at least the likely environmental impacts of such large infrastructure projects should have received attention in the SEA report.

Moreover, and despite national regulations requiring it, the SEA report also fails to look at alternatives, even not assessing whether the implementation of the OP might lead to the improvement or worsening of environmental quality compared to the status quo.

Environmental NGOs have been actively involved in the process of developing Latvia's EU programming documents, and have been striving to increase allocations for environment related activities.

At the same time NGO analysis and assessment of the future EU funding programme has led to concerns that certain programmed measures could be environmentally controversial. We have repeatedly expressed concerns about the use of public funds for activities that are damaging to biodiversity and that would further worsen the status of habitats of EU importance – an EU level report from this year found that only 11 percent of habitats of EU importance in Latvia have a good conservation status.

Yet, for instance, the planned measure of drainage system reconstruction without environmental safeguards would cause adverse impacts on the following habitats of EU importance: Northern boreal alluvial meadows (6450), Fennoscandian lowland species-rich dry to mesic grasslands (6270*), Hydrophilous tall herb fringe communities of plains and of the montane levels (6430), Molinia meadows (6510).

These drainage measures in fact fall under a specific OP objective that does sound good: "adapt to climate change by reducing the threat of floods, to ensure quality of living of people and promote business competitiveness and continued business activities". Yet, without mitigation measures, the risk of damage is high: 'improved' drainage will in fact increase nutrient run-off to the Baltic Sea and decrease the water quality; eutrophication is already a major threat to wetland ecosystems in Latvia, and the proposed measures will further worsen the status of the habitats of EU importance.

Environmental NGOs have proposed the inclusion of mitigation measures in the above measures, such as the use of ecosystem services to mitigate floods – for example, through the creation of wetlands and ponds to minimise run-off. These proposals, though, were rejected by the Ministry of Agriculture in the first public hearing phase – yet it's precisely these types of environmental concerns that should have been picked up and described in the SEA report.

The report completely fails to recognise numerous comments made by environmental NGOs and the Ministry of Environment and Regional Development during the elaboration of OP and related programming documents. When looking (or not looking) at alternatives, at least some mention ought to have been made of the sustainable solutions proposed for the drainage issue.

As page 22 of the SEA report blithely deadpans, however: "All suggestions and comments have been considered when preparing the final version of environmental report and those have helped to prepare more balanced and better suggestions for those who elaborate the OP".

It is unclear if KPMG expected this report to receive wide public scrutiny, but certainly it has provoked both mirth and frustration among the NGO community – and, too, from certain national officials. The same company has also carried out an 'ex-ante evaluation' of the draft programming documents for the period 2014–2020 and it can only be hoped that a better job has been done there. That evaluation, however, is not made public, and only a half page summary of conclusions and recommendations will be included in Latvia's draft Partnership Agreement.

Where now, and will the European Commission step in?

This highly dubious SEA report is now out for public consultation. A public hearing meeting is scheduled for August 29 and environmental NGOs and other players will raise various issues and make comments. The Ministry of Environment and Regional Development is planning to do the same.

But should it be the task of NGOs to attempt to rewrite the whole report, to point to potential – and pretty self-evident – environmental problems and propose mitigation measures?

And anyway, if the Ministry of Finance that is responsible for the OP does not want to listen, won't we be wasting our time?

Our abiding motivation and interest in continuing to engage boils down to two things: this is significant new investment money for Latvia, and with continuing economic hardships across the country, it deserves – now as never before – to be deployed well; moreover, the European Commission has sought to frame the 2014-2020 spending period as one that has climate and biodiversity considerations as part of its DNA.

In these circumstances, and given the overall shoddy quality of the SEA report, it seems inevitable at this stage that Latvian NGOs will have little option but to petition the Latvian supervisory body responsible for oversight of the SEA process.

We hope that the European Commission will do the same.

10. Democratising Cohesion Policy – Slovakia not ready to put EU funds spending in citizens' hands

July 2013

Efforts to get the EU funds working sustainably for, and on behalf of, needy local communities are being thwarted in Slovakia - for a range of all too familiar reasons.

From 2014 Slovakia has the opportunity to use a new tool that would enable decisions related to EU funds deployment to be made more directly by communities and citizens. The European Commission has decided to enable the decentralisation of the post-2014 funds within the new Cohesion Policy so that local stakeholders can actively take part in its implementation, and ideally reap more meaningful benefits from the EU budget.

For this, the so-called Community Led Local Development (CLLD) tool has been introduced. Yet, with less than half a year to go until the new spending period begins, it appears that Slovakia is intent on passing up the chance to make the EU funds more democratic.

Slovak ministries simply do not trust the ability of municipalities and regional authorities to implement the EU funds efficiently and on time.

The Commission has based its initiative on the relatively positive outcomes that have resulted from the LEADER tool in the current spending period – LEADER introduced 'bottom-up' decision making in rural development funding as part of the Common Agricultural Policy. The approach has involved Local Action Groups (LAGs), composed of local municipalities, entrepreneurs, NGOs and active citizens, that contributed to the implementation of a small portion of the policy budget – in the 2007-2013 period, LEADER accounted for 3.13 percent of the Rural Development Programme budget, or EUR 79 million).

Relatively small beans so far, therefore, but the aspiration is that CLLD would become the successor of LEADER and kick on from it by being available to all operational programmes within the 2014-2020 programming period. Countries that opt to use this tool will permit more people to get involved in EU funds' implementation as well as in the longer-term development planning of the regions in which they live.

Wait a minute, says Slovakia

Given the evidence to date, however, Slovakia has certain reservations about implementing CLLD – for various reasons.

First off, the Slovak ministries – responsible now for taking forward their respective operational programmes – have next to no awareness about the CLLD tool. And, of course, resistance tends to be at its greatest when it comes to unknown things. Moreover, faced with the pressure of getting EU money spent as quickly as possible, ministries retreat to their comfort zone – which means opting for proven methods of decision-making and 'known' types of projects.

A further problem is the reluctance of national ministries to delegate control over the EU funds to lower governance levels, let alone to bodies (such as the public) that exist totally outside of their institutional structure. Slovak ministries simply do not trust the ability of municipalities and regional authorities to implement the EU funds efficiently and on time.

Of course, there has been an array of cases where the involvement of regional authorities in policy implementation has been decidedly mixed, to say the least. Yet, more fundamentally, Slovakia has not come up with any tools or mechanisms for cross-sector planning, decision-making and managing of public funds.

Rigid departmentalism and lack of coordination are one of the reasons why public policies in Slovakia perform so badly when it comes to the achievement of objectives. A mechanism is lacking which would enable the ministries to interconnect parts of the operational programmes they manage, and to monitor and manage the use of CLLD together. This problem is significant as many strategic priorities for Slovakia are cross-sectoral in nature and the strict sectoral approach hinders their effective implementation.

A good example of this is climate adaptation with anti-flood measures which, in the case of ecosystem-based solutions, require the cooperation of the Ministry of Environment and its organisations that deal with water, biodiversity or climate, the Ministry of Interior Affairs that deals with the adaptation agenda, and the Ministry of Agriculture and Rural Development that has responsibility for agriculture, soil management and forestry. In this area, if coordination is lacking – and unfortunately it is – simple fast-track solutions with questionable adaptation effects, such as dam building, will be preferred.

Mixed messages from Brussels

The European Commission is also contributing to this frustrating scenario by sending out contradictory signals.

On the one hand, the Commission is set on introducing mechanisms such as CLLD that – at least in the Slovak context – are new and will not be implementable without an introductory pilot phase. While on the other hand, the Commission is also introducing conditions into the 2014-2020 budgetary period that will compel the member states to draw funds as fast as possible. The 'performance reserve' motivates states to 'efficiently' fulfill their obligations – if set spending milestones are met on time, member states receive a bit of extra funding.

What we are seeing as a result of this, then, is that the introduction of innovative forms of policy implementation are being thwarted, especially in areas where no effective regional policy exists, and where there is the most acute need for new tools such as the CLLD, global grants or other innovative approaches – e.g. for local economies, a decentralised energy economy, and support for new models of public services provision.

In all likelihood, therefore, in the new programming period, centralised 'top-down' decision-making will remain dominant – and the potential for local initiatives and regional development led directly by local stakeholders will be squeezed.

A further complicating layer

CLLD, the new tool which could complement LEADER, is enjoying significant attention in regions, though not exactly for the best reasons.

The potential to gain control over additional resources for regional development is igniting conflicts between local and regional authorities. The Association of Towns and Municipalities of Slovakia (ZMOS) strongly opposes the idea of regional authorities implementing the CLLD package. And as long as the regional stakeholders remain fragmented, the willingness of ministries to devolve decision-making power will be even smaller.

There is, too, a further issue at the devolved level: muddled understanding of the essence of bottom-up tools for funds implementation.

Experience from the current programming period shows that LEADER is being used as little more than an additional pot of money for filling the gaps in municipal budgets. Moreover, the new 'integrated' regional operational programme is being prepared with this in mind. It lacks any clear strategy, and so is likely to end up as a source of financing for a litany of disparate sectors such as roads, schools, health, social services, culture, tourism and waste – that is, a small chunk of money spread very thinly over many activities. The contribution of such a programme to goals that Slovakia has set, or to goals that have to be met as per EU level commitments, will be very hard to prove.

Questionable, too, is the actual contribution of LEADER to regional development – in many cases only cosmetic measures are financed under it. These include the renovations of civic squares, pavements, church renovation, playgrounds, bus stops or one-use promotion materials. These kind of investments are not spurring job creation or development of local economies despite the decisions to implement them coming from the local level. And a further compounding factor is that is very difficult to objectively evaluate the contribution of LEADER as no official evaluation procedures and criteria exist. Thus there are many questions hanging over the configuration of 'local action groups' and the assigning of EU allocations. It's a situation that is creating ground for conflicts.

Some grounds for optimism

Nonetheless, there is some hope that the CLLD will be able to create a meaningful space for bottom-up, local decision-making in Slovakia. Thanks to a recent initiative from the Plenipotentiary for Civil Society and NGO representatives, Slovakia's draft operational programme for 'Efficient public governance', under the auspices of the Ministry of Interior Affairs, contains a separate priority axis applying the CLLD.

Even if no other Slovak operational programme were to apply the CLLD, this axis could serve as valuable testing space for trying out new models of EU funds implementation that have democratic decision-making and participative spending of public funds at their core.

Hopefully modest space – now tentatively opening up and in combination with the future LEADER programme – will go to show that in Slovakia there is sufficient potential for the development of strong and stable regional economies based on direct input from active, engaged local citizens, organisations and entrepreneurs cooperating with municipalities. For the types of investments that are sorely needed: sustainable energy systems that meet local needs, the development of local agricultural markets and exchange networks for local produce, and the provision of social services by local specialized NGOs.

For now, though, despite the time spent and the opportunities available, the democratisation of public funds use in Slovakia remains very much in the balance. And the clock is ticking to January 1, 2014.

11. Is the Latvian success story over? Good public participation practices in EU funds planning in Latvia turns sour

July 2013

So far the planning for Latvia's use of the EU funds for the 2014-2020 period has been a reasonably positive experience from a partnership perspective. Yet the process that has, until recently, been notable for its transparency and high level of public participation is now in danger of being derailed.

According to Latvia's Ministry of Finance, when it comes to the national level programming of the future EU money, they have a huge lack of capacity – thus 'partnership' is having to be sacrificed. Latvian NGOs, however, believe that EU funds programming for 2014-2020 is of major importance – after all it will determine the shape of public investments in the country for the next seven year period. In this context, partnership, involving a wide range of stakeholders, should not be compromised.

Why did NGOs initially have such high hope for EU funds partnership in Latvia this time around?

The first phase was indeed very promising. NGO representatives were included in the working groups for the National Development Plan (NDP), and there were public consultations and feedback about comments received from NGOs and social partners, and key moments surrounding the plan were reflected and discussed in the media.

Moreover, transparency was to the fore in the process, with all key draft documents and submitted comments on the draft NDP being published online – this publishing of comments was a first in Latvia for such a public process. However, there was less transparency when suggested activities had to be prioritised.

When preparations for the 2014-2020 EU funds programming started, there were again some very hopeful signs concerning partnership. In September 2012 there was a 'temporary monitoring' committee established, allowing NGOs and other stakeholders to participate.

Among other things, this Committee had the task of "overviewing the preparation of planning documents for EU funds"; during a meeting of the committee in May this year, participants were able to exchange views on key issues to be addressed within programming. Although this committee has the potential to become a solid platform for stakeholder participation, unfortunately it hasn't lived up to NGO expectations, at least not yet.

A return to the old ways

There are further signs that the Ministry of Finance, that holds key responsibility for EU funds programming, is retreating to its old habits by approaching 'partnership' in a very formal way. The closer the deadline (October this year) for submitting the draft Partnership Agreement (PA) and Operational Programme (OP) to the European Commission, the less participatory the EU funds programming process is becoming.

For example, the Ministry of Finance organised a public consultation process on the draft PA and OP. The document itself was drafted without any public involvement, but the draft was made available on May 3 this year. There was one month given (deadline: June 3) for the public and other stakeholders (ministries etc.) to express their views and comments on the draft documents, with public consultation meetings due to follow.

After June 3 the Ministry of Finance sent questions to line ministries asking for their views on thematic concentration, but no meeting or any other feedback to NGOs or other bodies who submitted comments has taken place. There had been a commitment to publish all comments online, yet this was not carried out. At the same time the Ministry of Finance continues to insist that it is ensuring meaningful partnership as part of the process.

Latvian NGOs have thus felt frustrated about the lack of feedback to their comments. Even proactively contacting ministries failed to throw much light on the developing process or the updated documents. Therefore, when we learned that the Ministry of Finance would report to the Cabinet of Ministers on the progress of EU funds programming on July 2, NGOs decided to turn up too and express their deep concerns about the partnership debacle.

The Cabinet was personally informed about NGO concerns regarding partnership and asked the Cabinet to task the Ministry of Finance with ensuring timely and systematic engagement with civil society. The outcome for now is positive: the Ministry of Finance has pledged to publish all received comments and the justifications for taking or not taking them into account. The ministry has also committed to organise a consultation meeting with NGOs in July. While this is still only a commitment, it appears to be a fairly concrete one as it is set out in the Cabinet's meeting notes.

The nuts and bolts – what needs to improve in Latvia's EU funds programming now?

Other than the stop-start nature of the public consultation process itself, there are several priority issues that Latvian NGOs have put forward in a bid to improve content aspects of the EU funds programming. These are chiefly: allocating money for biodiversity protection, integrating environmental and climate aspects throughout all of Latvia's EU funded programmes, providing support for social enterprises, and permitting NGOs to be eligible beneficiaries in some activities.

Among the most actively involved actors in the EU funds programming has been the Environmental Advisory Council, a coalition of 20 national environmental NGOs, and the Public participation consortium, representing NGOs active in the areas of civil society development, environmental protection, rural development, health, education and culture. Both of these platforms are represented in the 'temporary monitoring' Committee of EU funds for the 2014-2020 period, and also use other available opportunities to get involved in the programming process.

The Environmental Advisory Council has already approached DG Regio on several occasions this year to express concerns about the lack of proper consideration being given to environmental priorities and nature conservation issues during the programming process for EU Cohesion policy 2014-2020 in Latvia. The risk, according to the Council, is that some marginal activities, such as buying an expensive helicopter for rescue operations that can't be justified with growing climate change impacts, could be supported, while certain core challenges in biodiversity conservation could easily be overlooked.

For one thing, the EU Biodiversity Strategy 2020 foresees that full implementation of the EU's Birds and Habitats directives is ensured by 2015. To do this in Latvia, the first steps should include mapping and assessing biodiversity (species and habitats of EU importance), as well as restoration measures covering several hundred square kilometres – this of course requires a significant budget that is probably not available via national funds.

Therefore, without targeted EU funds support, there is no possibility to restore at least 15 percent of Latvia's degraded ecosystems and ensure favourable conservation status for at least 40 percent of species and habitats, as stipulated in the EU Biodiversity Strategy 2020. Yet, none of these measures are proposed for inclusion in the priorities for funding by Latvia's Ministry of Environment.

Moreover, according to the Latvian Fund for Nature, currently Latvia is not delivering the main goal set out in major policy documents – to ensure favourable conservation status. No habitat inventory has been carried out and the preliminary monitoring data confirms the expert conclusions that several Annex I habitats and species are not in a good state – and that the situation has worsened since 2007.

For example, 60-90 percent of the grassland habitats within Natura 2000 sites are in a bad conservation state, and no measures have been taken to improve the situation. Therefore proposed tourism infrastructure funding is not sufficiently justified from the point of view of the priorities in biological diversity and ecosystem protection. We have been pointing out that construction of new tourism infrastructure will create an unnecessary burden for the future, as the state is currently not even able to maintain the existing infrastructure.

While it can be said that tourism infrastructure is a tool to protect the habitats from degradation due to pressure from tourism, this measure in particular is not a priority in the current context as it does not directly provide for improved conservation status for habitats of EU importance.

The clock is ticking as we count down to the 2014-2020 funding period. Meeting some of Latvia's top environmental needs – as well as our EU commitments – can only happen via meaningful public participation and partnership, even at this relatively late stage in the process.

12. As Croatia accedes to the EU, questions remain over whether EU billions can succeed for Croats

July 2013

Croatia's new Law on Strategic Investments does not bode well for the sustainable use of EU funds in Croatia now that the country has become an EU member state.

If there's one thing we can be sure about Croatia's accession to the European Union on July 1, it's that the historic occasion will be greeted by rousing speeches and aspirational press releases issuing forth from both Zagreb and Brussels. Yet for the majority of Croats, this new dawn will be embraced much more coolly – opinion polls show that not much more than a third of the population is enthusiastic about joining the EU.

Is this mere ingratitude? After all, membership of the bloc will see substantial EU funding injections: EUR 655 million (1.5 percent of Croatian GDP) has been lined up for this year, with a further EUR 13.7 billion in the pipeline for the seven year period 2014-2020.

More likely, the prevailing scepticism can be explained by two things.

One, a recognition of the scale of the economic tailspin that Croatia has been in for the last five years (country-wide unemployment stands at around 20 percent, with more than half of young Croats jobless), a cycle that it shows little sign of escaping from, and; two, resignation that EU billions can be no panacea in a country where there is insufficient preparedness for absorbing the funds in a sustainable, genuinely transformative way. Indeed, on the latter point, there are valid fears that the new investment monies will go the way of so much previous international assistance to Croatia – into a black hole.

The legislative environment as it relates to future investment projects in Croatia does not look promising in this regard. Bear in mind we do not have a comprehensive national development strategy in place, a blueprint for developing in an efficient, effective way via the prioritisation of key targets and goals – ideally goals that would be imbued with respect for the country's environment instead of simply 'X more roads'.

What we do have, as we stumble across the EU finishing line, is the new Law on Strategic Investments, recently approved by the government and expected to be shortly passed by the national parliament. This law appears solely designed to appease large investors and their long list of – potentially – white elephant projects.

Specifically, the new law will give preference to investments over 150 million kunas (the equivalent of EUR 20 million) under the patronage and approval of an advisory governmental body. The background to this is that for some time now many major 'strategic investors' have been turned off as soon as they got a whiff of the number of procedures and estimated approval times that Croatian bureaucracy has insisted on. Under the new law, approval times for large projects will be significantly speeded up.

Startlingly, the original draft of the new law insisted that environmental impact assessments would not be necessary for large projects if the relevant national authorities did not respond within 10 days of being approached – fortunately the European Commission threw out this approach to environmental safeguarding at the consultation stage. Nonetheless, such assessments will be fast-tracked under the new law.

What we're seeing, then, is the wrong solution – some critics believe it can only further fuel corrupt practices – to an unarguable long-term problem: foot-dragging and endless paperwork related to investment decisions should instead have been tackled by systemic reforms to administration and through capacity building for officials so as to speed up permission processes in a regular, though still rigorous, way.

This new investment landscape will have a bearing on EU sponsored projects, though the threshold for prioritising these is reduced to EUR 10 million. However, the new regime clearly disadvantages smaller scale projects – under either the EUR 20 million national threshold or the EUR 10 million EU threshold. Their implementation will continue to be bogged down in the sourcing of endless documentation, while ‘big’ projects – with potentially much greater ecological and social footprints – enjoy a far easier ride.

Currently, for example, installing just a few basic photovoltaic appliances requires more than 30 different permits. Equally, a small municipality that intends to introduce a sustainable waste management system involving reuse and recycling – usually no more than EUR 5 million – would be stuck in the procedural loopholes of Croatian administration, while a larger municipality, perhaps wanting to take forward a large, unsustainable waste incinerator would be much less detained.

This is the nub of the problem. Relatively small-scale, community driven projects, aiming to tap the EU funds in order to boost jobs, cut fuel bills and do their bit for the EU’s fight against climate change, look set to be distinctly disadvantaged. These kind of anomalies will hopefully be addressed during the upcoming public debate in Croatia over the selection of priority investments to be funded by EU money. How we will spend our new EU money is to be finally set in stone, according to the official timetable, by the end of November. Crucial in this regard will be the details of the partnership agreement required by the European Commission for the oversight of Croatia’s EU funds: will the Croatian public, local communities and NGOs be granted a voice around the decision-making table?

What is sure is that, having taken ten years to arrive at this point of EU entry, Croatia now cannot afford to squander its new EU billions on pointless, environmentally dubious investments when the country urgently needs – above all – job creation. Localised, green investments can and should play a big role in boosting new sustainable forms of employment.

13. Green agriculture spending culled in Estonia – NGOs demand proper use of future EU money

June 2013

While the EU's future common agricultural policy is taking shape in Brussels, it's not just there that major agri-business interests are flexing their muscles to take the 'green-ness' out of EU agricultural spending.

As negotiations on the EU budget for 2014-2020 grind on painfully towards a conclusion hopefully next month, and with key voting on the future shape of the common agricultural policy (CAP) due at the European Parliament this week, country level programming is underway for the future seven year budgetary period.

But as we hear from Bankwatch's Estonian member group, it's not just at the top Brussels level that major agri-business interests are flexing their muscles to take the 'green-ness' out of EU agricultural spending.

Several weeks ago the Estonian Council of Environmental NGOs sent a letter to Estonia's minister of agriculture and minister of environment to express the groups' deep unease with the way the Ministry of Agriculture had discarded the work of different experts during the compilation of Estonia's Rural Development Plan (RDP) for 2014-2020.

What's the significance of RDP to the EU Funds for 2014-2020?

RDP 2014-2020 consists of rural development policy measures that are drawn from the legislative proposal for the new Rural Development Regulation. At the EU level, RDP is part of the common strategic framework – together with the European Reconstruction and Development Funds, European Social Funds, Cohesion Funds and Maritime and Fisheries Funds. At the member state level all of these funding lines comprise the partnership agreement between an individual member state and the European Commission.

For 2014-2020, the overall European Agricultural Fund for Rural Development pot stands at EUR 84.8 billion, out of which Estonia will receive EUR 721 million euros.

From the environmental perspective, most crucial is the designing of the 'agri-environment-climate' measure. However, other measures such as support for organic agriculture (especially providing sufficient funding), support for Natura 2000 areas, and the inclusion of environmental considerations in the design of investment measures are also important in order to secure sustainable rural development.

RDP mostly covers a wide variety of rural enterpreneuship and agricultural measures. For the 2014-2020 official priority areas are: transfer of knowledge, competitiveness, operation of the food chain, and environment and rural entrepreneurship. RDP is operationalised through different measures, chosen according to development needs and goals. In the coming period the plan is to put into force over 20 different measures and sub-measures.

It's important, though, to stress: RDP can either drive rural development towards a more sustainable path or subsidise environmental destruction.

Broken promises from the Estonian authorities

Throughout 2012 and the first few months of this year, different working groups (with representatives from environmental NGOs, producers and state institutions) worked intensively on the design of the 'agri-environment-climate' measure. This includes several sub-measures, the most significant in terms of budget being the so-called environmentally friendly management.
This is a broad and shallow measure, but in order to avoid it becoming too 'shallow' it was agreed that farms would have to choose at least

two activities from a list, including various buffer strips, delayed mowing time, reduced fertiliser application etc. Yet this list has now been abandoned, and thus the sub-measure has become effectively been 'greenwashed' – though of course it does still hold most of the budget for environment related measures.

The abandonment of the list of voluntary activities has never been officially explained, but unofficially the inclusion of Natura 2000 payments (and the pressure this exerts on the RDP budget) has been given as the excuse.

The Estonian Council of Environmental NGOs has supported Natura 2000 payments via the RDP 2014-2020 budget line since the start of putting RDP together, but the Ministry of Agriculture was initially against. However, the Ministry of Environment pushed hard to include Natura 2000 in RDP.

It now seems that this dilution of the agri-environmental measure is a form of 'revenge' for being forced to include the Natura 2000 payments in RDP. Since the Natura 2000 payments are relatively unspecific (although they are important for relevant farmers), the dilution of the agri-environment-climate measure will definitely do more harm than the inclusion of the Natura 2000 payments will do good.

As the RDP 2014-2020 budget is tight, the Estonian Council of Environmental NGOs did provide different specific proposals to address this situation during meetings in the Ministry of Agriculture, in working groups and by sending written comments.

For example, it was proposed to use the possibilities present in the new draft Direct Payment regulation to support the farmers in Natura 2000 areas with funding from Pillar I. None of our suggestions seem to have been seriously examined.

These provisions have been dumped at the last minute as a betrayal of the members of the working groups. Other than environmental NGOs, the Estonian Farmers' Federation (representing family farms), the Leader Forum and many other NGOs have been very frustrated by the process – though the Central Union of Estonian Farmers, representing agri-business, will be content.

14. Energy efficiency becoming more central to future EU spending in the Czech Republic – thanks to NGO calls

May 2013

Energy efficiency has now become a priority for EU funding in the Czech Republic for the forthcoming 2014-2020 budgetary period.

In recent weeks a promising response has emerged to one of the top demands from Czech NGOs engaged in the current programming process for future EU spending in the country. In April, the first draft of the Operational Programme Environment was disclosed for public consultations – it contains a new priority spending axis named 'Energy savings', included now in addition to those that had been previously announced by the Czech authorities.

This is a welcome move from the Czech Ministry of Environment, recognising the still drastically high levels of wasted energy use that pervades the Czech economy and society in general. According to Eurostat, the Czech Republic continues to require twice the amount of energy per unit of economic outcomes than the EU average. This introduction of a separate priority axis, though, is just a first step towards fully realising the economic and climate potential of reducing our energy consumption.

Under the new priority axis, EU public financial support will be available for the thermal insulation of public and residential buildings, small renewable sources of heat and innovative technologies such as heat recuperation. A necessary precondition, however, to fully realise the high potential for heat savings in buildings remains – adequate levels of funding.

The Centre for Transport and Energy and Hnuti Duha-Friends of the Earth, Czech member groups of Bankwatch, are proposing an allocation of CZK 10 billion (EUR 400 million) a year for this purpose.

Our estimation of absorption capacity is in line with energy consultancy Porsenna's estimation of CZK 500 billion being required to achieve economic efficiency potential in residential buildings by 2030 – the 25 percent public financing rate involved works out at CZK 7.81 billion (EUR 312 million) a year.

The Ministry of Environment has also weighed in with its calculations – a recent presentation given by vice-minister Tomas Podivinsky estimates the necessary public finance for energy renovations of residential buildings alone at CZK 250 billion over the next 30-40 years. That is, roughly CZK 8 billion (EUR 320 million) a year via public money sources.

The scale of the necessary investment level for energy efficiency in the next seven year period should be seen in the context of the overall Czech allocations, expected to total CZK 500 billion.

If the necessary ambition on energy efficiency is to be allowed to breathe, then around 15 percent of the total Czech EU pot needs to be devoted to this sector. A significant figure, then, but not a major leap into the dark when you consider energy efficiency's deep cross-cutting benefits: reduced bills for homes and business, a lot of new jobs and big cuts in emission levels. And the ambition, crucially, must be to include both public and residential buildings full square in the priority spending axis – unfortunately there are signs that the Czech plans as currently conceived will not give enough priority to residential energy efficiency.

Another necessary element for proper energy renovations is the appropriate establishment of strict efficiency criteria which will ensure that funds are invested in line with the EU objectives – energy savings – and not just into plain refurbishment with low efficiency ambition.

Insufficient parameters for thermal insulation in EU funded projects was specifically criticised by the European Court of Auditors (ECA) at the beginning of the year. According to the ECA's findings, member states used finance reserved for energy efficiency measures to simply upgrade their real-estate: "A more important consideration than energy efficiency was the need to refurbish public buildings.", the ECA report concludes.

Funding in the new programming period must be set in a way so as to compel beneficiaries to achieve efficiency parameters more ambitious than current legal requirements. We believe that beneficiaries who opt for higher efficiency rates and install renewable sources should receive a motivational premium.

Practical examples of what can be achieved are out there.

Energy renovations carried out on pre-fab estates in Brno-Liskovec, for example, have shown that it is possible to achieve annual heat consumption as low as 40 kWh/m2 with only thermal insulation in typical communist-era 'panel' blocks – this is a much lower rate than required by the low-energy standard (50 kWh/m2).

Equally, the EU funded energy renovation of a school in Prague-Slivenec achieved 89 percent energy savings, with final annual heat consumption of 21 kWh/m2. Technologies typical for passive buildings, such as forced ventilation with heat recuperation, used in this renovation dramatically improved air quality in the classrooms. School children in Slivenec now appreciate the benefits of EU funding for energy efficiency.

Other than the successful NGO demand for a separate priority axis for energy efficiency, the Ministry of Environment has also accepted several of our other key demands. Departing from original plans, future EU funds in the Czech Republic will not now finance the production of bio-fuels. And in another improvement, EU support for water sewage treatment will be eligible in small communities, not only in those with over 500 inhabitants as previously planned.

All the same, the Czech programming process contains a number of problematic aspects that remain on our radar. Not least of which is the proposal to keep EU financing open to waste incinerators.

EU funding for these highly controversial waste 'solutions' has been perhaps the greatest single fiasco in the Czech Republic's current 2007-2013 financing period. Not a single crown out of their huge allocation for 2007-2013 has been spent as a result of various controversies and local community/NGO campaigning.

“The member states, with support from the European Commission, must now significantly improve the environmental performance of their Partnership Agreements and Operational Programmes in the period up to their final adoption in spring 2014.”

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