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BRIEFING

JUNE 2018

THE EUROPEAN COMMISSION'S PLATFORM FOR COAL REGIONS IN TRANSITION: CASE STUDIES HIGHLIGHT TILT TOWARD COAL COMPANIES

Without adhering to the partnership principle, the Platform for Coal Regions in Transition risks benefiting coal companies at the expense of local communities, in blatant contradiction to its stated goal.

In Poland and Slovakia, lack of transparency and insufficient participation have meant that many of the projects submitted to be financed under the Platform framework are of coal companies, while citizens from the affected regions have been sidelined.

Launched at the end of last year, the European Platform for Coal Regions in Transition does not yet abide by the European Code of Conduct on Partnership, which it should normally adhere to given that it will be redistributing EU structural funds.

Examples from Poland and Slovakia detailed in this briefing indicate that, over the past months, the selection of projects to be supported via the Platform has been done in an untransparent way and without the participation of interested citizens, resulting in benefits for coal companies at the expense of local communities.

This severe shortcoming needs to be remedied as fast as possible if the Platform is to have any credibility among European stakeholders and to serve its primary goal to promote a fair transition of coal regions.

WHAT IS THE PLATFORM FOR COAL REGIONS IN TRANSITION?

The Platform for Coal Regions in Transition was launched in December 2017 by Maroš Šefčovič, Vice-President of the European Commission in charge of the Energy Union, Miguel Arias Cañete, Commissioner for Climate Action and Energy, and Corina Creţu, Commissioner for Regional Policy, together with representatives of European regions, various stakeholders and business leaders.

The Platform is meant to facilitate the creation of long-term strategies for transitioning away from coal and brings together EU, national, regional and local stakeholders to share experiences and form partnerships. The work under the Platform kicked off with the selection of three pilot regions in Poland (Silesia), Slovakia (Trencin) and Greece (Western Macedonia). The idea is to accelerate the process of economic diversification and technological transition in the pilot regions via information exchange and tailored bilateral dialogue on relevant EU funds, programmes and financing tools.

According to Maroš Šefčovič, the projects proposed by the regions as part of the Platform for Coal Regions in Transition might be financed with unspent money from the current EU Budget after "reallocation and reprogramming"[1]. It is therefore reasonable to expect that such *reallocation and reprogramming, and the subsequent selection of projects, should be subject to the same transparency and partnership requirements that apply to the 'regular' operational programmes for EU funding.*

[1]https://ec.europa.eu/commission/commissioners/2014-2019/sefcovic/announcements/speech-coal-regions-transition-high-level-dialogue-european-parliament-brussels_en

WHAT IS THE EUROPEAN CODE OF CONDUCT ON PARTNERSHIP?

The European Code of Conduct on Partnership is a Commission regulation with legally binding provisions for the European Structural and Investment Funds (ESIF), ensuring that Member States implement the partnership principle in their Partnership Agreements and in their ESIF-funded programmes. It applies to all aspects of the ESIF including the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund.

The European Code of Conduct on Partnership came into being as the Commission recognised that the meaningful involvement of relevant stakeholders is key to an efficient implementation of the ESIF by enhancing transparency, accountability and cooperation.

HOW SHOULD THE PARTNERSHIP PRINCIPLE WORK?

The European Code of Conduct on Partnership sets standards for all phases of the various EU-funded programmes, including programming, implementation, monitoring and evaluation.

Member States are required to comply with the following rules:

- selection procedures should be transparent and take into account the different institutional and legal frameworks of the Member States and their national and regional competences;

- the partners selected should be the most representative of the relevant stakeholders;

- the partners should include public authorities, economic and social partners and bodies representing civil society, including environmental partners, community-based and voluntary organisations, which can significantly influence or be significantly affected by the implementation of the Partnership Agreement and programmes;

- specific attention should be paid to including groups who may be affected by programmes but who find it difficult to influence them, in particular the most vulnerable and marginalised communities, which are at highest risk of discrimination or social exclusion, including persons with disabilities, migrants and Roma people;

- for the selection of partners, it is necessary to take into account the differences between Partnership Agreements and programmes;

- partners should be involved in the preparation and implementation of the Partnership Agreements and programmes, through timely, meaningful and transparent interventions on the analysis of challenges and needs to be tackled, the selection of ways to address them, and the coordination structures and multi-level governance agreements necessary for effective policy delivery;

- the partners should be represented on the monitoring committees of programmes. Through their active participation in the monitoring committees, the partners should be involved in assessing performance on the different priorities, the relevant reports on the programmes and, where appropriate, calls for proposals;

- effective partnership should be facilitated by helping the relevant partners to strengthen their institutional capacity in view of the preparation and implementation of programmes;

- the exchange of experience and mutual learning should be facilitated;

- the role of the partners in implementing the Partnership Agreements and the performance and effectiveness of the partnership in the programming period should be subject to assessment by the Member States.

Based on the Article 5(6) of the Common Provision Regulation, a 'Structured Dialogue with European Structural and Investment Funds partners group of experts' was created, 'to establish open, frank and informal dialogue among partners working in the field of ESIF. The Structured Dialogue is a mutual trust-building mechanism in order to bring the ESIF closer to civil society, assist the Commission in the development of this policy in different areas of expertise and to discuss the implementation of the ESIF.'

Bankwatch is a member of the Structured Dialogue as well as other EU-level umbrella NGOs active in the European Coal Platform.

As the ESIF are involved in the Platform for Coal Regions in Transition and its programmes, the European Code of Conduct for Partnership should apply to activities conducted under the Platform.

However, according to the experiences of Bankwatch members working through the Platform for Coal Regions in Transition in two CEE countries where pilot regions are located, the Code of Conduct does not so far seem to be respected.

Based on our experience and the information we collected, work under the Platform framework on the national level is so far not inclusive and participatory: many interested actors are excluded, processes are sped up and improperly advertised, resulting in insufficient participation, with national calls for proposals clearly favour coal companies close to the governments.

In what follows, Bankwatch presents two case studies from Poland and Slovakia detailing the work under the Platform to date. We aim to call attention to the shortcomings in the implementation of the Code of Conduct, and as a Structured Dialogue member, we recommend improvements to the processes to ensure the effective and meaningful utilisation of ESIF.

THE CASE OF POLAND – SILESIA PILOT REGION

Poland's national-level pre-selection of projects under the Commission's Platform for Coal Regions in Transition does not seem to fit into the Partnership Principle architecture.

During the initial phase of the Platform in Poland (from the first country-level meeting on 12 October 2017 to the working group meeting in Brussels on 26-27 February 2018), two lists of projects were drafted to be supported as part of the Platform.

One list, devoted to structural change projects, was compiled by the regional government (Urząd Marszałkowski) of Silesia and included a number of funding mechanisms to support various aspects of regional development, like revitalisation, innovation, land reclamation, air quality and mobility.

The other government-sponsored list included 26 specific 'eco-innovation' projects.

The lists were presented by Poland at the February Platform working group meeting in Brussels and are available on the Commission's website.

The regional-sponsored list includes a number of funds to support regional development totalling EUR 1.2 billion and is of less concern here because it names funding mechanisms and not beneficiaries. However, the government-sponsored list devoted to clean coal and eco-innovation includes 26 projects totalling roughly EUR 620 million and names specific beneficiaries.

THE GOVERNMENTAL LIST WAS COMPILED IN AN UNTRANSPARENT WAY WITHOUT ANY PUBLIC PARTICIPATION OR CONSULTATION.

The way this list was drafted departs from the normal practice of the Partnership Principle as seen with EU funds, where public participation and inclusive consultations are required at every stage, from negotiations of the Partnership Agreement, which lays down the general orientations for spending, to the drafting of operational programmes and to the setting of criteria and selection of projects.

In the example of the Platform, this whole logic was reversed, with the pre-selection of projects preceding the participatory process normally required to change operational programmes, re-allocate funds or define selection criteria.

Moreover, the projects were pre-selected without an open and competitive procedure i.e. in a manner normally reserved for natural monopolies such as the national railway or the road building agency, even though in the present case there are no immediately evident reasons why support under the 'eco-innovation' branch of the Platform for Coal Regions in Transition should be effectively limited to state-owned mining companies and utilities and exclude all other categories of economic actors and industries present in Silesia.

Ten of the 26 eco-innovation projects proposed in the government-sponsored list, totalling at least

EUR 474 million[2] involve the coking coal company Jastrzębska Spółka Węglowa (JSW) either on its own or with partners. The entire list of prospective beneficiaries is exclusive: apart from JSW and its subsidiaries, it includes the mining company PGG and the coal trader Węglokoks, the energy utility Tauron, the Central Mining Institute and the Institute for Chemical Processing of Coal, all with multiple projects on the list, as well as the chemical company Grupa Azoty and three universities, with single projects.

All the corporate beneficiaries are fossil-heavy and owned fully or partly by the state. Among the prospective beneficiaries there are no private entities, no SMEs and no companies whose core business concerns renewables or energy efficiency. 11 out of the 26 projects on the list concern technological improvements to fossil fuel burning, there are 6 projects that concern the utilisation of mine methane or geothermal heat from mine waters and air, and there is only one project that concerns RES development.

The projects in the government-sponsored list were apparently pre-selected during the three closed Country Team meetings of the Polish side, in which Commission and Platform staff from Brussels attended (12 October 2017 in Warsaw, 4 December 2017 in Katowice and 13 February 2018 in Katowice). Scant information is available about those meetings. The meetings seem to have involved only select participants likely designated by the government and were not publicly announced until afterwards.

There was no open invitation to participate, either for civil society or for businesses. Very little information is available on who took part in the meetings and what was discussed[3]. There is no trace of any open call for projects, transparent criteria or a scoring mechanism for the selection of projects, or a wider consultation procedure.

It is unclear how the Commission is now going to proceed with financing the pre-selected projects, or indeed how the 'reprogramming and reallocation' is going to happen. Perhaps the projects will have to undergo some public consultation or an assessment based on transparent criteria before they are financed, but there is no clarity on this.

Moreover, there is no open and transparent mechanism to propose other projects, and access to the prospective funding under the Platform seems to be closed to businesses that have no links to the government, subregional authorities and other entities (the Commission invites all potential stakeholders to join the Platform by writing to an official mailbox, but the experience of NGOs who applied to take part in the first working group meetings shows that this is hardly a guarantee of getting equal treatment).

In this way, the Platform for Coal Regions in Transition initiative seems to have exempted a portion of EU funding from the normal partnership processes and transparency standards.

THE CASE OF SLOVAKIA – TRENCIN PILOT REGION

Photo by Tomasz Halasz for Greenpeace

In the Trencin region in Slovakia, the selection of projects to be supported via the Platform is until now circumventing the participatory process that was initiated by local authorities to create an action plan for the transformation of the region with broad input from citizens of the region.

With Trencin selected in January 2018 as a pilot region for the Platform for Coal Regions in

[2] No information on the budget is provided for three projects.

[3] The initial meeting on 12 October 2017 apparently did not even include a representative of Silesia's regional government, with Silesia 'represented' by the voivod i.e. government's administrative envoy in the region. The meeting reportedly included 'social partners' but it has not been specified who represented the civil society side. In the third country-level meeting on 13 February, the 'social partner' is identified as Dominik Kolorz, the leader of the pro-government Solidarity mining trade union. In all of the meetings, the mining industry had a strong representation. Other named participants included the Katowice Special Economic Zone, as well as the Ministry of Energy, Ministry of Science and Ministry of Investment and Development (the Managing Authority for EU funds in Poland). No environmental groups, members of the academia, or the SME sector seem to have been involved.

Transition, the mayor of Prievidza in the center of the Slovakia's coal mining and burning region kicked off a participatory process to come with an action plan for the post-coal development of Upper Nitra, the mining sub-region where of Trencin.

Those involved in preparing the action plan could take part in four separate working groups on economy, transport, social infrastructure and tourism. Everyone interested was able to access the working groups by simply sending an email to an address widely publicised by local media. By the end of January, around 60 applicants registered, mostly citizens of the region including entrepreneurs, municipalities and civil society. During March and April, about 20 meetings of the working groups took place and an analysis of the situation in the region and its development potential was carried out.

HBP, the main coal company in Slovakia and owner of the local mines, refused to participate in the process despite being invited. It argued that decisions about the future of coal in the region were too important to be taken at the local level.

While this action plan seems like the right process via which local communities can decide on their future, Slovakian authorities at higher levels and HBP seem set to undercut this process – and there is a risk that the the partnership principle will be blatanly ignored, allowing them to get away with such an approach.

In February, regional authorities in Trencin announced the start of what looked initially like a parallel process of creating an action plan for Slovakia's coal mining region.

The initiative of the Slovak government had the stamp of the European Commission as it was launched during a meeting in Trencin with the Commission and representatives of the Slovak government. This meeting was closed, with parliamentarians, NGOs and other interested parties excluded from participating. The private sector was represented only by HBP, which had the opportunity to present its projects at the meeting, the company which owns coal power plant and company GA Drilling – a partner of HBP in one project oriented on the smart specialisation.

Following this meeting, in March the Trencin regional authorities launched a call for proposals for projects to be supported via the Platform with a deadline of April 30. Many of the projects submitted were never discussed in a broader forum but merely sent directly to the Trencin authorities. In early May, the Trencin regional government announced that 80 projects were sent in by the deadline and that these would be assessed by mid-May.

MINING GROUP PROJECTS ACCOUNTED FOR ONE THIRD OF THE VALUE OF ALL THE SUBMITTED PROJECTS.

In the meantime, during a meeting of the Platform for Coal Regions in Transition in February in Brussels, the Slovak government itself presented a project for the modernisation of the Novaky power plant including facilities for burning biomass and municipal waste.The project was presented without previously consulting with the local government.

In April, Slovak government officials present in Prievidza confirmed that the action plan for Upper Nitra that would be prepared there would become a national strategy. This is an important recognition by the highest level of government in Slovakia of a bottom-up participative process to determine the future of the region.

But at the same time, the Slovak government is pressing ahead with getting support for the projects collected by the Trencin authorities in a non-transparent, non-participatory manner. In Prievidza, the Slovak government announced the creation of a new working group under the office of Slovak Vice Prime, whose likely goal is to ensure the rapid financing of the projects submitted to the Trencin regional authorities. The government therefore focuses on 'quick wins' as opposed to pursuing a participative process resulting in an action plan that would truly benefit the region.

While the Slovak government pays lip service to participation by supporting the action plan created in Prievidza, it is at the same time focused on finding 'quick wins' in order to present fast-realizable projects on the platform. For example, until June 1st there was no public presentation of major projects, in particular HBP projects. The only discussion was in local working groups, without representatives of ministries, regional governments, and without professional support.

These conflicting decisions are not only confusing.

They also raise serious doubts as to whether the Slovak government is more interested in giving HBP a chance to benefit from the Platform for Coal Regions in Transition, to help this company remain the dominant local employer, instead of hearing from the local communities. If the Participation principle was implemented in decisions connected to the Platform for Coal Regions, such doubts would not exist.

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Supported by:
Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety
based on a decision of the German Bundestag

European Climate Initiative EUKI

The project "Accelerating the Energy Transformation of Central and Eastern Europe and Learning from the German Experience" is funded by the European Climate Initiative (EUKI). EUKI is a project funding instrument by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMUB). It is the overarching goal of the EUKI to foster climate cooperation within the European Union in order to mitigate greenhouse gas emissions. It does so through strengthening a cross-border dialogue and cooperation as well as exchange of knowledge and experience."

This briefing has been produced with the financial assistance of the European Union. The content of this briefing is the sole responsibility of CEE Bankwatch Network and can under no circumstances be regarded as reflecting the position of the European Union.