CEE Bankwatch Network

SEPTEMBER 2018

WHAT FUTURE FOR OUR FINANCES?

Position on the EU Budget after 2020

Research and writing
Raphael Hanoteaux
Izabela Zygmunt
Juraj Melichar
Selina Vancane
Alexa Botar
Anelia Stefanova
Teet Randma
Bianca Polidoro
Bara Urbanova
Anna Roggenbuck
Todor Todorov

Editing
Greig Aitken

Design
Nicky Pekarev
Zhenya Tsoy

Cover photo
Ton Zijlstra (CC BY-NC-SA 2.0)

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

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

This project is part of the European Climate Initiative (EUKI) of the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU). The opinions put forward in this paper are the sole responsibility of the authors and do not necessarily reflect the views of the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU).

www.euki.de

Contents

INTRODUCTION

For nearly three decades, the EU Budget, and especially sectoral instruments such as the Cohesion Policy, has been a proven catalyst in the fight against climate change and the transition to a low-carbon energy system. By providing public investments in sectors like transport, energy and construction, which are major sources of greenhouse gas emissions in Europe, the next Multiannual Financial Framework (MFF) can shape the EU's response to challenges posed by climate change.

The next EU budget and its subsequent regulations come at a time when the climate imperative has never been more pressing. Although the Commission proposals on the future MFF showed renewed ambition, with higher earmarking of funds to combat climate change and reinforced links with the EU's 2030 energy and climate targets, improvements are still needed in the following areas:

1. Clarification and consistency regarding climate mainstreaming, backed by an improved climate tracking methodology, are needed for the EU to concretely reach its climate spending pledge of 25% across the whole budget.

2. Transparency (public information disclosure) and **participation** provisions need to be improved and integrated into all sectoral regulation in order to ensure the sound management of every euro disbursed by the EU.

3. Relevant EU funds need to be integrated in the development of the **National Energy and Climate Plans** (NECPs) and help to implement the **Clean Energy Package**.

4. The next MFF should put specific attention to supporting the **involvement of local actors**, in order to properly favour a bottom-up energy transformation, and to help the poorest regions that will face the challenge of phasing-out of coal. Supporting citizens' participation in energy projects will have positive impacts way beyond the energy sector: it will ensure more even distribution of the benefits of the ongoing energy transition and will empower local communities, making them more self-reliant.

1

IMPROVING THE DEFINITION AND TRACKING-METHODOLOGY OF CLIMATE MAINSTREAMING

The EU Budget is a proven tool for fighting climate change. It sets the direction of the EU for the next seven years, especially thanks to its specific target for **climate-related spending**. Under the current budget, the Commission had promised to spend "one euro in every five" for climate action, by incorporating or "mainstreaming" climate investment into the different EU programmes. In its proposal, the Commission has suggested a 25% target for climate spending across the whole budget, a progress from the current 20% target. However, better scrutiny on the methodology used for counting these climate-related investments is needed, while the approach and definition of "climate mainstreaming" should be more consistent and complete.

Most climate spending under the current budget has gone to agriculture and railways. Rail transport can be a climate friendly, convenient and economical way to travel long distances, but, as the European Court of Auditors has found[1], €23,7 billion of EU investments are "not being spent wisely" on the bloc's high-speed rail network. The European Court of Auditors has also shown that the 20% target would not be reached under the current budget[2], and has criticised the methodology for assessing whether an investment is climate-related or not. **Without a proper tracking methodology, the EU is at risk of again falling short of reaching its new 25% target.**

Similarly, the provisions proposed in the InvestEU regulation seem to be more wishful thinking than an actual objective when stating that, "Actions under the InvestEU Programme are expected to contribute 30% of the overall financial envelope of the InvestEU Programme to climate objectives", while Article 7 says that for the sustainable infrastructure window, "implementing partners shall target that at least 50% of the investment [...] contribute to meeting the Union objectives on climate and environment."

As our examples in the Baltics and in Slovakia prove, too often dubious investments are deemed "climate-friendly" even though they are harmful for the environment and climate, because of inconsistent and incomplete definitions of "climate mainstreaming".

1 https://www.eca.europa.eu/Lists/ECADocuments/SR18_19/SR_HIGH_SPEED_RAIL_EN.pdf

2 https://www.eca.europa.eu/Lists/ECADocuments/SR16_31/SR_CLIMATE_EN.pdf

THE BRATISLAVA BYPASS: BUILT FOR THE WRONG REASONS

In **Bratislava, the D4/R7 bypass** in the Slovak capital is heavily supported by EU funds (EUR 28 million) and the EIB via EFSI (EUR 426 million), as well as by the EBRD (EUR 148.5 million), under the assumption that it will decrease CO2 emissions by diverting traffic from the city centre. Furthermore, the bypass was announced **without assessing all sustainable and climate-friendly transport options** before a full project assessment had taken place, and given the go-ahead based on manipulated data[3]. For the price tag of the bypass, Bratislava could have instead put in place a modern, integrated public transport system that would encourage people to switch from car to urban transport and help the EU pursue its decarbonisation objectives.

RAIL BALTICA: OVERESTIMATED SOCIAL AND CLIMATE BENEFITS

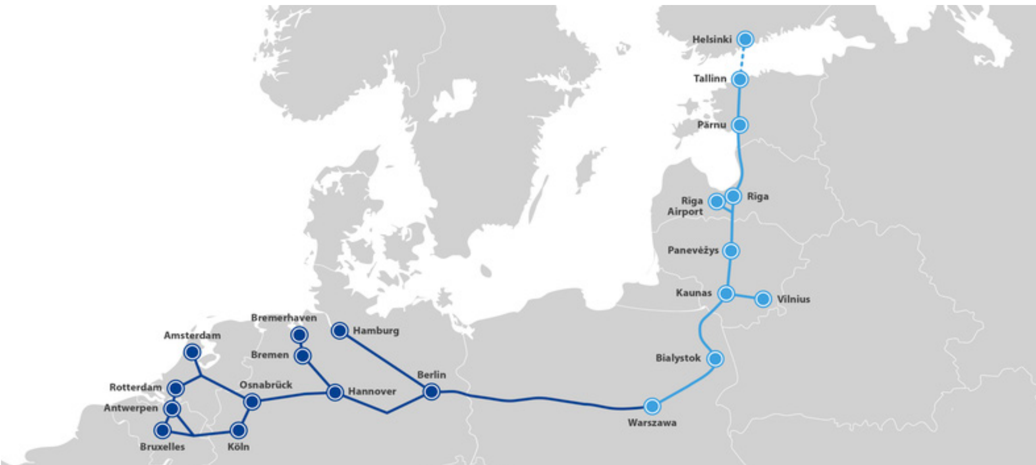
The EUR 5.8 billion Rail Baltica project (involving up to EUR 4.9 billion from the Connecting Europe Facility), is an example of EU investments that are "not being spent wisely", according to a report by the Court of Auditors[4].

The main problems are the selected routes for the high-speed rail between Riga and Tallinn that privilege new expensive infrastructure over the improvement of the existing route.

The new route will bypass the second biggest city of Estonia, Tartu, thus leaving aside the importance of mobility needs. The new route is also planned through a number of Estonian swamps and bogs which involve a significant amount of dykes and bridges to allow the railway lines to be constructed. Those wetlands are natural carbon sinks that will be significantly affected by the new infrastructure.

In 2017 a group of independent experts[5] challenged the cost-benefit analyses of the project, pointing to an overestimated EUR 3 billion of climate and social benefits of shifting freight transport to rail. This wrong assumption of the climate benefits also affect the strategy of Estonia for reduction of CO2 emissions by 2030, as Rail Baltica is considered as a main project that would contribute to the implementation of Estonian targets.

The impacts and costs of building bridges and dams over wetland areas have not been well estimated by the project promoter, neither are the benefits of the alternative route that would upgrade the existing railway line which connect the second biggest city of Estonia – Tartu – to Tallinn and Riga. This has attracted the public opposition of over 400 public figures who have signed an open letter[6] to the Estonian parliament and government.



Rail Baltica as Part of the North Sea-Baltic Core Network Corridor
By RB Rail AS (RB Rail AS) (CC BY-SA 4.0)

3

https://bankwatch.org/wp-content/uploads/2016/12/bratislava-bypass-PPP.pdf

4

https://www.eca.europa.eu/Lists/ECADocuments/SR18_19/SR_HIGH_SPEED_RAIL_EN.pdf

5

Major mistakes in Rail Baltica Cost-Benefit Analysis made by Ernst & Young Baltic, January 2018 http://avalikultrailbalticust.ee/PDF/ARB_MMistakesRB_CBA_by_EY.pdf

6

https://arvamus.postimees.ee/4464987/400-avalik-kiri-valeinfo-pohjal-vastu-voetud-rail-balticu-seadus-tuleb-tuhistada

THE SOFIA INCINERATOR: A FUTURE STRANDED ASSET

The construction of a new combined heat and power (CHP) plant for Sofia's district heating, operating with gas and RDF (refuse derived fuel) incinerator, will use up 25-30% of the cohesion funding available for waste management from the available EU funds in the 2014-2020 period.

The project claims to have a 10% reduction of air pollution and benefits to CO2 emission avoidance due to the use of partially renewable energy (biogenic fraction in RDF).

It is highly controversial that waste-to-energy is still considered to be a climate-friendly investment when energy saved from even just-once-recycled plastics by far exceeds the energy generated by burning them (US EPA data).

The Sofia Incinerator, which will start to operate after 2020 with a lifetime of at least 30 years, is an example of a short-sighted and undemocratic project that supported by the EU funds and the EIB. The project does not contribute to mandatory recycling targets and will slow the transition to a circular economy by locking the Bulgarian capital into waste management patterns that are obsolete already today. By 2030 Bulgaria should double the amount of recycled waste to reach the 65% EU target. An incinerator which is built on the basis of current flow of waste does not provide for any incentives for improvement of reduction, reuse and recycling of wastes. Public opposition and proposals for alternatives[7] have been ignored for years. In May 2018, a protest[8] brought thousands of people to the streets of Sofia.

RECOMMENDATIONS

- Provide **clarity** and **consistency** on what is and isn't considered **climate-related spending,** both within the whole MFF and within sectoral regulations, with a clear definition of climate mainstreaming and climate tracking.

- In the same way, the so-called "RIO markers", which are present in the annex of the proposed Common Provision Regulation, should not give investments in **railways** a coefficient of 100% in supporting climate change objectives, while **high efficiency co-generation** and **district heating** should be given a positive value only if fossil fuel free and if the energy efficiency first principle is applied.

- At least **50%** of the InvestEU should contribute to Climate Action (in comparison the current 40% objective). The established target should be enforceable rather than just a non-binding wish.

- Build in the methodological requirements to track and assess the impacts of high carbon infrastructure and other projects, and, as a key part of **sustainability proofing**, use climate assessments to examine the life-cycle impacts of project categories within a programme.

7

https://bankwatch.org/press_release/stench-rising-over-sofia-waste-crisis-warns-local-group

8

https://www.novinite.com/articles/ 190311/Protest+Against+the+Construction+of+a+Waste+Burning+Site+in+Sofia

2

TRANSPARENCY, PARTICIPATION, ACCOUNTABILITY

In recent years, issues regarding the misuse of EU funds have shown a growing need for accountability and transparency provisions within the EU budget regulations. There are numerous examples of EU-funded projects that do not reach the standards of transparency and participation, and which have subsequently allowed ill-managed and dubious investments to happen with the financial support of the EU.

The added value of the EU funds in promoting EU values, policies and legislation is key to enhancing EU citizens' belief in the European project. While the European Commission has proposed a regulation enabling it to suspend EU funds with the Rule of Law, Bankwatch estimates that simple steps could be taken to more effectively enforce public scrutiny and accountability of EU spending, such as **the right to appeal a decision on EU funds and to ask for an independent review,** in order to both strengthen the hand of the Commission and help address enforcement issues.

New provisions within InvestEU hint at a bigger role for the European Commission to check the due diligence and coherence of investments with EU policies for each project, together with a rationale for approval and scoreboards (after the signing of guarantees). This is a positive development but will need to be followed through with adequate resources for the Commission to manage these new tasks. Experience shows that examination of complaints by the Commission can take a lot of time, unless the case is politically important.

InvestEU will be opened to other public banks that have a mixed track record in terms of transparency and integrity standards. Unlike the EFSI, the InvestEU fund will not rely on EIB's internal policies which, even if largely imperfect, ensure a minimum set of standards – and will have to include extra requirements on this front. For example, not all NPBs have a functional grievance mechanism and usually do not disclose project information at all.

KRESNA GORGE: THE DESTRUCTION OF A NATURA 2000 SITE

The case of Kresna Gorge is emblematic, unfortunately, of an EU funded-project damaging a stunning European nature jewel despite a 20 year efforts of civil society and citizens to protect the gorge. The Struma motorway, part of the Trans European Corridor N4 Sofia-Athens, is planned to go directly through the Kresna gorge, a Natura 2000 site and home to 35 rare European habitats and 92 rare species. To date the Struma motorway has received EUR 600 million in EU funds.

A civil society complaint for infringement of the EU Habitats and Birds Directives was lodged on 12 July 2017, but has so far received no response and has not resulted in the European Commission reconsidering the last tranche of EUR 330 million for the motorway construction, was approved in November 2017 without any condition for protection of EU biodiversity.

The national appeal to the court about the unlawful environmental impact assessment procedure for the project was closed in a hurry, and failed to give the right of affected citizens and NGOs to appeal to the Supreme Court as the project is considered to be of “national strategic importance”.

The case points to the substantial loopholes in the EU funds management which do not guarantee implementation of the provisions of Regulation (EU) 1303/2013, such as Article 8 on sustainable development and “the aim of preserving, protecting and improving the quality of the environment”[9]. We consider that the European Commission, and specifically DG Regio, did not undertake the necessary measures to prevent the deterioration of the Natura 2000 site and did not ensure that the construction of the motorway will satisfy international and local mobility needs in a sustainable and timely manner.

9 Common Provisions Regulation (1303/2013), namely Art. 8 on Sustainable development that requires “The objectives of the ESI Funds shall be pursued in line with the principle of sustainable development and with the Union’s promotion of the aim of preserving, protecting and improving the quality of the environment, as set out in Article 11 and Article 191(1) TFEU”

Photo: DLBankov (CC BY-SA 4.0)

THE DUBIOUS SKANSTE TRAM LINE INVESTMENT

In Riga, the example of the EU-funded (Cohesion Policy) EUR 100 million investment for the "Cemetery tram line" is striking. The justification for a tram connection to Skanste relies on unrealistic ideas and assumptions. Skanste is supposed to host a number of artistic initiatives and to become the central business and cultural district of Latvia's capital. However, other parts of the city, such as Plavnieki, have thirty times more inhabitants than Skanste and also require more developed transport lines.

Moreover, the future of the major investor in the grand Skanste project, the privately-held ABLV Bank, is in doubt[10]. U.S. authorities have accused ABLV of involvement[11] in money laundering schemes and bribery. On 26 February 2018, bank shareholders began a liquidation process to protect clients' and creditors' interests. This also means that all Skanste-related projects and construction works have now been stopped.

Photo: Vladimir Varfolomeev (CC-BY-2.0)

RECOMMENDATIONS

- Build a role for national Ombudsman bodies into the **compliance mechanisms** of the future Cohesion Policy Regulations (CPR). A decision or recommendation by an Ombudsman regarding existing or potential breaches of Cohesion Policy or EU law could legally trigger the requirement for DG Regio to open investigations or even to temporarily suspend funds until the potential breach has been rectified, or to refuse the approval of a project.

- Give a **clear mandate** for the Managing Authorities to take into account the beneficiary's **track record of non-compliance** when selecting projects. This would go a long way in improving good management of the funds.

- The mandate given to Managing Authorities in Article 67 of the proposed CPR is obviously a step in the right direction. It should be strengthened with a **clearer definition** of what is considered to be **sustainable development.**

- Improve the **definition of climate proofing**, currently strictly limited to climate adaptation, to integrate the concept of climate mitigation and give a stronger meaning to this provision.

- Improve the new InvestEU **transparency provisions**, by integrating accountability and transparency standards at least equivalent to those of the EIB and ensuring the timely publication of project scoreboards.

- Require all National Promotional Banks to disclose InvestEU **projects information** before approval and to have a functional **grievance mechanism** – unless a specific role for the European Ombudsman is foreseen under the new regulation.

10

https://www.reuters.com/article/us-latvia-banking/ablv-owners-to-liquidate-bank-to-protect-assets-and-clients-idUSKCN1GA2NS

11

http://bnn-news.com/usa-imposes-sanctions-against-ablv-bank-for-money-laundering-schemes-180013

3

HOW CAN THE EU BUDGET ENSURE PROPER IMPLEMENTATION OF THE CLEAN ENERGY PACKAGE?

Now that the Clean Energy Package and the 2030 climate and energy targets are being approved, EU member states will need EU funds to cover their investments needed for achieving the 2030 goals, especially now since the goals for energy efficiency and renewable energy have both risen to 32%. Since the 2030 energy and climate goals are not binding at the national level, the National Energy and Climate Plans (NECPs) will indicate Member States will contribute to common European goals. It is, therefore, crucial that in the field of energy and climate, NECPs should become the guiding documents for the programming of EU funds.

The incentive described in Annex XXII of the CPR under point 2.f, which allocates additional funds to Member States who exceed their 2030 goals within the effort sharing sectors, appears to be a step in the right direction. Likewise, the explicit link between the spending of EU funds and the NECPs, as described in Annex IV of the CPR, where NECPs fulfill the role of an enabling condition, is a positive development. These mechanisms should be strengthened to ensure that EU funds contribute to increasing national climate and energy objectives. As our examples show, smart use of EU funds has great potential to help achieving the 2030 targets, and special attention should be put there.

Furthermore, in financial volume, EFSI was very unbalanced geographically, with a few western Member States benefiting from the lion's share, while Cohesion countries received limited support. Special attention to the geographic distribution of centrally managed programmes is therefore crucial.

THE LITOMĚŘICE CITY, REACHING SELF-SUFFICIENCY

The Litoměřice city council (Czech Republic) decided to tackle its dependence on fossil fuels and at the same time become a leader in energy efficiency for the whole country. In 2013 and 2014, Litoměřice renovated a number of buildings, including two elementary schools and one kindergarten. Educational facilities were insulated and photovoltaic panels were installed on the roofs. In 2016, the profit was over EUR 40,000 and, in about a decade – once the investment has been paid off – profits are expected to increase sixfold.

Litoměřice receives funding from different sources, including EU funds that were crucial for the most basic activity – insulating school buildings. While photovoltaic panels power schools, other buildings in the city were dependent on the burning of lignite in the local thermal power plant, which receives the coal from nearby mines. With the support of EU funds, Litoměřice also overcame this challenge by developing geothermal energy for heating. The city's participation in a number of initiatives like the Covenant of Mayors, energy cities and the climate alliance have helped Litoměřice spread the examples of simple but smart solutions to kick-start energy transformation. The city now aims to fulfil its 2030 energy goals, and is well ahead of schedule, so the focus is now on becoming energy self-sufficient.

GOOD EXAMPLES OF ENERGY EFFICIENCY SUPPORT SCHEMES IN LATVIA

In Latvia, good examples involving the renovation of residential buildings show that the implementation of the Clean Energy Package can lead to savings and better quality of life. Indeed, a pressing challenge in post-Soviet cities and towns is the conversion of modernist planning into a contemporary and sustainable built environment.

A state-owned development financial institution – ALTUM – and the Ministry of Economy have managed the implementation of energy efficiency improvements for multi-apartment buildings, with financing provided by the European Regional and Development Fund (ERDF). For the current budget period, around 1000 projects totalling more than EUR 176 million, are planned. However, it is estimated that 20,000 buildings urgently need improved energy efficiency performance (deep renovation), which would cost an estimated EUR 5 billion. The Latvian Ministry of Economics launched an informational campaign called 'Let's live warmer!'[12] in 2010 to coincide with the previous EU-funded energy efficiency programme to renovate 760 multi-apartment buildings. The potential for this kind of scheme is huge and should be reproduced and encouraged by EU funds policy objectives wherever possible.

RECOMMENDATIONS

- Integrate and prioritise the **"Energy efficiency first"** principle in the EU budget for all investment programs – either as a horizontal priority or by assessing the performance of energy allocations.
- Add a **specific target for energy efficiency** in residential buildings to the Cohesion Policy objectives, as this sector provides the biggest potential for energy savings.
- To ensure the **accessibility and availability of the funds**, put the emphasis on aggregating projects, assisting municipalities and communities to access funds.
- Offer specific loan schemes and grants tailored for the **socially vulnerable**. This should go hand in hand with an effort to raise awareness on innovative solutions and various EU funds, while providing technical support through one-stop shop agencies.
- Given that Cohesion countries are receiving significant financial resources from the European Structural and Investment Funds (ESIF), use a smart combination of ESIF with the InvestEU Fund to open opportunities to develop sustainable and viable projects in **innovative but underfunded areas** of the economy.
- Ensure InvestEU further **promotes energy and resource efficiency** projects in countries whose economies have relatively higher energy and resource intensity – typically **CEE countries.**

12 https://www.em.gov.lv/en/eu_funds/lets_live_warmer/

4

ACCESS TO FUNDS FOR COMMUNITIES AND LOCAL LEVEL

The Clean Energy Package aims to advance energy democracy and a people-centered clean energy transformation by granting citizens and communities the rights to generate, store or sell their own renewable energy.

A recent report by CE Delft[13] showed that over 112 million 'energy citizens' could meet 19% of Europe's electricity demand by 2030, rising to as much as 45% of demand and over 264 million 'energy citizens' (half of all EU citizens) by 2050. It will be vital for Cohesion Policy in the next EU budget to back up these rights with targeted financing and thereby incentivising the removal of national barriers.

Cooperatives, municipalities, charities and non-energy SMEs wishing to generate and/or sell renewable energy or make energy efficiency improvements face significant challenges accessing finance. Experience on the ground makes clear that traditional banks can be reluctant to grant loans to such actors who may not have a normal track record, or because banks are unaccustomed to assessing the risk of community power projects with collective ownership.

Furthermore, the non-addressing of these issues in the MFF proposals goes in tandem with the lack of attention to the biggest challenge for the Cohesion countries for the next ten years: the just transition out of a coal-based economy for many mining regions. This challenge is faced by the poorest regions, and is not being specifically supported by any instrument of the next EU Budget.

The attention given to community-led local development (CLLD) in the ERDF and CF regulation, and especially within the Policy Objective 5, is a step in the good direction. However, our experience shows that CLLD approach does not always lead to meaningful energy sector transformations and activities implemented under CLLD, as local development strategies very much depend on municipal interests.

13 https://www.cedelft.eu/en/publications/download/2167

SUSTAINABLE REGIONAL BIOMASS PROJECT IN SLOVAKIA

The main idea behind the formation of the association "Bystricko Biomass" was to become self-sufficient in energy production by using local wood waste to heat municipal premises, thereby replacing coal boilers. The association submitted an application for a contribution from the European Regional Development Fund (ERDF) in order to build four wood chip distribution warehouses and reconstruct 15 boiler rooms, which would heat 43 renovated buildings in eight villages.

Compared to the biggest regional suppliers, the energy prices paid by the association are now **25% cheaper.** Greenhouse gas emissions have decreased by 2,643 tons a year and particle pollutions by 52 tons a year.

TOWARDS A CLEANER HEATING SYSTEM IN MISKOLC, THANKS TO EU FUNDS.

In Miskolc (Hungary), new, smart and renewable solutions for heating were needed, and the EU Funds significantly contributed to realising them. Since the 2000s, the local district heating company (MIHO) has been making clear efforts to diversify energy sources towards more sustainable ones. The city encouraged this by designing a major geothermal project supported by the EU funds – EUR 25 million from the Environment and Energy Operational Program, which has supplied 26,750 flats with hot water.

The Miskolc authorities aim to completely eradicate the use of natural gas by 2030 in order to reach full energy independence, first of all in the heating system. The planned use of biogas, biomass, geothermal energy and solar energy will result in a healthier environment and less expensive bills for the residents of the town.

Near Bobov dol, Bulgaria. Photo: Greg McNevin, Europe Beyond Coal

THE BOBOV DOL EXAMPLE FORCES BULGARIAN AUTHORITIES TO THINK ABOUT JUST TRANSITION

Bobov Dol Mining, owned by the controversial entrepreneur Hristo Kovachki[14], recently announced it would close down the largest underground mine in Bulgaria, the Bobov Dol mine which employs 400 people. The closure procedure is scheduled to start this summer and finish by the end of the year, by which time all employees would be let go.

The closure of Bobov Dol is happening without any planning as to what might happen to the workers and the region at large once the mine is gone. The area in which Bobov Dol is located is not affluent, nor does it have a diversified economy – and it has been dependent on coal for decades. The case of another Kovachki-owned mine in the same region, Babino, which closed last year, similarly without any contingency plans, gives further reasons for concern, as 650 miners lost their jobs and were not provided with future employment alternatives.

The absence of dialogue between the various institutions that should deal with the aftermath of mine closures and configure plans for the economic diversification of coal regions is an obvious problem. Approximately 45% of electricity in Bulgaria comes from coal, mainly locally-produced lignite with a high sulphur content.

14 https://bankwatch.org/blog/a-bulgarian-oligarch-tax-avoidance-and-a-village-that-tries-to-move-how-sofia-fails-to-implement-eu-pollution-laws

POLAND: SILESIAN MUNICIPALITIES PROPOSE RENEWABLE ENERGY PROJECTS WORTH TWELVE TIMES THE AVAILABLE BUDGET

In a recently closed call for renewable projects in Silesia, municipalities have proposed 125 projects worth a total of PLN 900 million (EUR 205 million). That is twelve times the budget available for such projects in Silesia's Regional Operational Programme.

The projects concern the installation of PV panels, solar heat panels, heat pumps and pellet boilers in residential homes and public buildings.

In one notable example, the Coal Mining Museum in Zabrze has applied for EU funding to install PV panels on its roof. This situation is similar in other regions, for example in Wielkopolska, where the total value of submitted projects is roughly ten times the available budget.

Meanwhile, renewable energy spending in the government-managed national operational programme POIŚ has been stagnating – **four years** into the programming period, **no renewable energy projects have received support** because calls have been delayed and the criteria have been prohibitive.

RECOMMENDATIONS

- Include **special provisions** for technical assistance tailored to the **specific needs** of prosumer and community-led energy projects in the future Cohesion Policy. This should provide technical, legal and financial consultancy to help inexperienced and non-professional local communities develop robust projects free of unnecessary risks. It should also promote and explain innovative solutions such as the ESCO model or revolving funds for energy efficiency.

- Prioritise support for **community-led local development** activities planned in the low carbon development strategies and Sustainable Energy and Climate Action Plans (Covenant of Mayors). This would strengthen the energy efficiency first principle and encourage municipalities and energy communities to invest in climate protection and resilience. One solution could be to allow Managing Authorities to prioritise these projects within Art. 67 of the CPR.

- Allocate more funds to **citizens-led projects** to guarantee that the benefits of EU funding are distributed more fairly, in line with the notion of social Europe, especially if special provisions are included to tackle energy poverty. This could also help the mining regions achieve a successful just transition based on indigenous, local potentials.

- In regions undergoing transitions away from high-carbon industries, give priority to projects that simultaneously serve the **climate objectives**, and stimulate the development of **local economies** while creating good quality jobs, such as community and prosumer energy projects which keep the profits from energy efficiency improvements and local renewable energy generation within the local economy to create a virtuous circle of growth. Here again, technical assistance and education are key to make these projects possible.

- Allocate more money to regions which need to **deeply restructure** their economies as part of the transition away from fossil fuels. They need much more investment than regions which are not facing such challenges. ■

CEE Bankwatch Network

CEE Bankwatch Network is today the largest network of grassroots environmental groups in countries of central and eastern Europe and a leading force in preventing dubious public investments that harm the planet and people's well-being in this region and beyond.

Operating since 1995 in countries that have undergone significant social and economic transformation, we have the know-how to effectively work in unpredictable environments from North Africa to Central Asia.

Together with local communities and other NGOs we work to expose their influence and provide a counterbalance to their unchecked power.

W: bankwatch.org

Facebook.com/CEEBankwatch
Twitter.com/CEEBankwatch