Greening EU Structural and Cohesion Funds

Putting Our Money Where Our Mouth Is!

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CEE Bankwatch Network is an international NGO with member organisations currently from 13 countries across the CEE and CIS region. Our mission is to prevent the environmentally and socially harmful impacts of international financial institutions, but also of EU funding, and to promote alternative solutions and public participation. www.bankwatch.org

Friends of the Earth Europe unites more than 30 national environmental organisations with thousands of local groups and is part of the world's largest grassroots environmental network, Friends of the Earth International. www.foeeurope.org

Outline

- Background on EU funds and environmental integration
- Review and critic of 2007-2013 financial period
- EU funds as anti-crisis measures
- Recommendations for the future cohesion policy

Why are EU funds important fiscal instruments?

- EU structural and cohesion funds - 35.7 % of the EU budget
- Second biggest spending line of EU taxpayers' money
- EUR 347.41 billion for regional development programmes and projects
- EUR 177 billion for new member states
  - Large amount of the total public expenditure
  - Strong leverage effect on other financing (national budget co-financing, IFIs loans, etc.)

The need for greener EU funds programmes and projects

- European regions to suffer disproportionate climate impacts on human and non-human environment
- Regional and local economies with high concentration of sectors relaying on natural resources and ecosystem services are particularly vulnerable
- High social cost of structural changes and adaptation
- Still, the cost of inaction will be even higher
- Integrated (climate proof, resource efficient and ecosystem resilient) strategies need targeted spending programmes from EU funds to ensure long term quality development and well-being

EU funds and sustainable development

General Regulation 1083/2006

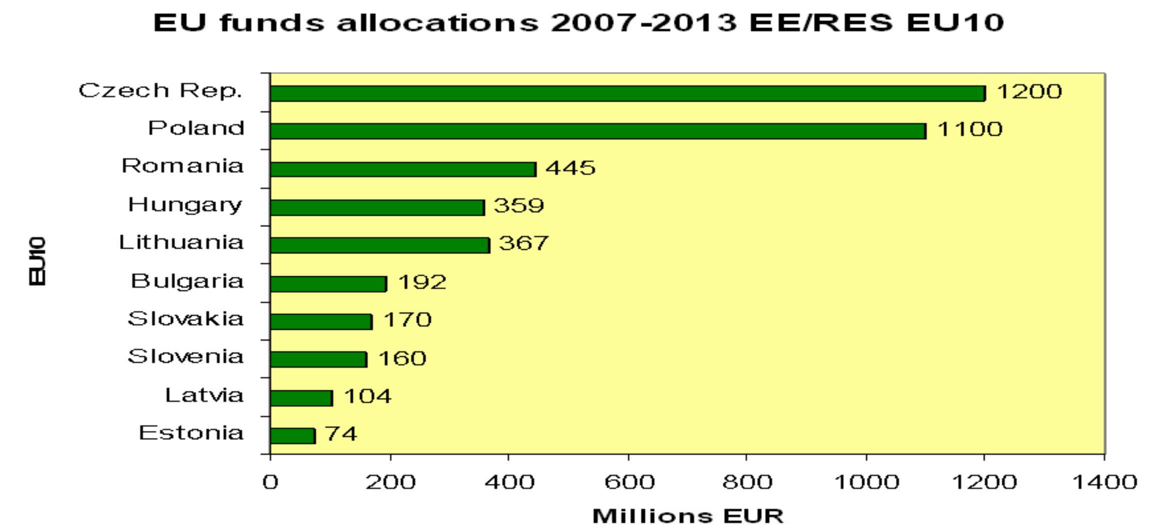
Article 17 - **Sustainable development**

"The objectives of the Funds shall be pursued in the framework of sustainable development and the Community promotion of the goal of protecting and improving the environment as set out in Article 6 of the Treaty."

Growing importance of environmental (climate) integration

- Implementation of the so called “heavy” Directives for building environmental infrastructure
- Climate change identified as a key challenge in the 4th and 5th Progress report on cohesion
- EE/RES priority area in the Community strategic guidelines and eligible for Cohesion fund 2007-2013
- Regions 2020 report outlining the adverse effects of climate change on European regions
- EE/RES via EU funds in the EU Recovery Plan
- Barca report suggesting to regard climate adaptation as one of the priority area s for EU spending

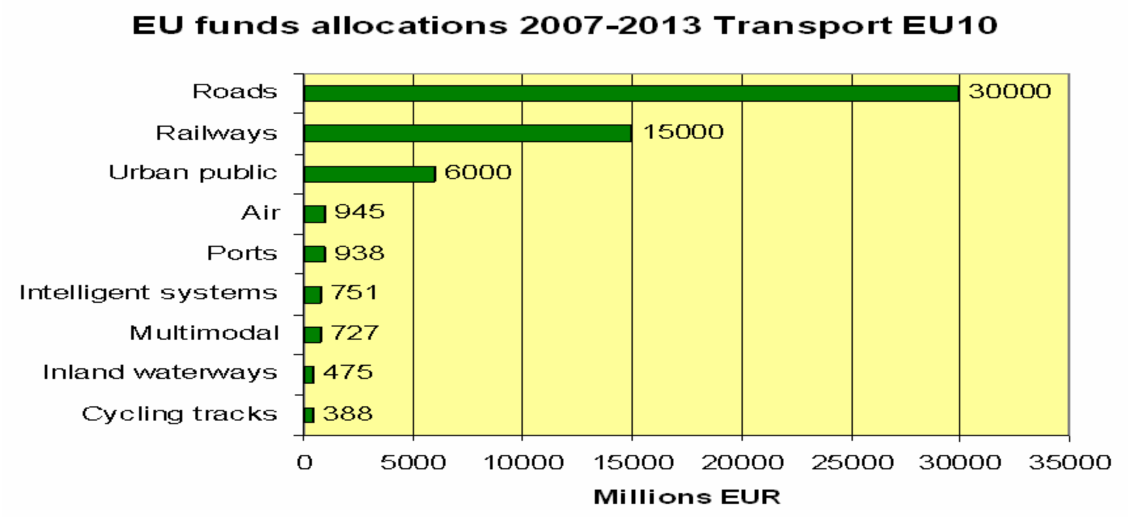
Critic to the 2007-2013 EU funds allocations in CEE countries



EU 10: EE/RES are 2.4% of the 177 billion euro for these countries

EU 27: EE/RES are 3% of total allocations [347 billion euro]

Critic to the 2007-2013 EU funds allocations in CEE countries



Roads get 55%, railways – 27% and urban / public transport – 10% of the allocations for transport in CEE [55 billion euro].

Smarter …

"Business as usual is not an option… ***Smart*** *investments now and the future.." [President Barroso]*

- EU funds part of the EU Economic Recovery Plan as anti crisis measures
- May 2009, amendment to the General Regulation adopted
- Up to 4% from the ERDF to be used for RES/EE in social housing
- Up to the member states to relocate the money

…and faster?

Further amendments to the General regulations:
-Advance payments (+2%)
-Acceleration of major projects

Overview of CEE projects:
55 environmentally damaging projects at a total cost of **€23bn, out of which €12bn from EU funds**

- ***16 motorways and expressways***
Ineptly routed through residential areas or valuable natural sites or Natura 2000; Cost to EU funds: **€5.5bn**
- ***22 waste incinerator***
Crowding out more economical and green alternatives, such as separate collection, waste prevention, recycling and composting; Cost to EU funds: **€1.2bn**

Concerns over simplified rules for identified controversial projects

- Lack of proper assessment of alternatives (solutions or routes)
- Environmentally damaging and socially unacceptable
- Running counter to EU efforts to meeting its commitments in relation to natural resource protection and climate change
- Placing new member states on more carbon intensive and resource inefficient path of development
- Fraud and conflict of interest might increase with accelerated funds so increased transparency and partnership are essential

- It is crucial that in a time of crisis – economic, climate, etc. – EU funding has a significant leverage impact on job creation and recovery on short-term, while protecting nature and preventing climate change on the long term.

Greening EU funds programmes now is possible

- Increase allocations in RES/EE in housing and speed up implementation of these investments given the anti-crisis context
- Finance “low carbon development road maps” at regional levels identifying investment needs and development potential of green investments
- Base the programming of the post 2013 on these road maps
- Investments in soft measures – capacity building, skills development, institutional set up (change agents, environmental advisors), learning networks, etc.

Green(er) cohesion policy requires fundamental reform (1)

- **Better coherence** – funding geared to EU environmental and climate targets and objectives and EU funds programmes and projects should be conditional to them
- **Vertical integration**
  - increased direct funding for environmental and climate measures
  - implementing EU environmental /climate *aqcuis*
- **Horizontal integration** – environmental and climate measures fully incorporated in other interventions
  - Support “sustainability of function” solutions
  - Including price of carbon in analysis
  - Considering possible climate impacts on the return from infrastructure and feasibility of constructing it
- **Phase out interventions and projects** which harm the environment and lock regions into climate intensive development

Green(er) cohesion policy requires fundamental reform (2)

- Revisit the “Lisbonisation” of EU funds
- Eco-efficient strategies for development of European regions
- Ensure decision are based on efficiency criteria and needs
- Territorial cohesion - valuing territorial diversity and assets rather than GDP disparities

THANK YOU!

QUESTIONS ARE WELCOME!

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