

<http://www.bankwatch.org>

CEE Bankwatch Network is an international NGO with member organisations currently from 11 countries across the CEE and CIS region. Our mission is to prevent the environmentally and socially harmful impacts of international development finance, and to promote alternative solutions and public participation. Bankwatch has been following the impacts of such financial flows into our region since 1995. Monitoring EU funds is an integral part of our work.



<http://www.foeeurope.org>

Friends of the Earth Europe campaigns for sustainable and just societies and for the protection of the environment, unites more than 30 national organisations with thousands of local groups and is part of the world's largest grassroots environmental network, Friends of the Earth International.

Brussels, May 24, 2006

Graham Meadows
Director-General
DG Regional Policy
European Commission

Subject: Recommendations to the European Commission on the financing of major projects

Dear Mr. Meadows,

Thank you for your letter of 28 April responding to our map of problematic major projects in central and eastern Europe. We appreciate that you share our concern for ensuring economic, social and environmental benefits of projects financed with structural and cohesion funds.

However, we observe that the existing rules and efforts are not sufficient to prevent damaging or unnecessary projects. Therefore, we are sending you a list of six concrete recommendations regarding transparency, environmental assessments and projects in the waste and transport sectors. We believe that these are the key actions that the European Commission can take to prevent negative impacts of major projects and ensure a more effective use of the funds.

We would appreciate receiving your reaction to the six points, particularly the first recommendation - that the Commission publishes information and documentation about submitted major projects online. We would like to ask you to investigate possibilities for putting such a system into practice and have included an idea for such a webpage. We also enclose the seven main reasons that we believe such information disclosure is necessary.

We are looking forward to your response.

Yours sincerely,

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Annex 1

Recommendations to the European Commission on the financing of major projects

In the 2007-2013 period, an unprecedented amount of EUR 308 billion will be invested via the EU's cohesion policy. While the management of the funds will be increasingly decentralised to the member states, the Commission will have the authority to approve or reject major projects – i.e. operations in the environmental sector that cost above EUR 25 million or EUR 50 million in the case of other projects. The realisation of some 525 major projects is foreseen in the new member states alone.

Moreover, with the new JASPERS instrument, the Commission will (together with EIB and EBRD) be increasingly involved in the preparation of many major projects from an early stage, allowing it an opportunity to ensure quality planning and design.

CEE Bankwatch Network and Friends of the Earth Europe have published a map identifying a number of environmentally, socially, economically or legally problematic cases among the planned major projects in the new member states (see www.bankwatch.org/billions). Some of these projects seem wholly unjustified, while better alternatives exist for the others. The projects shown in the map are only a selection. There are more controversial projects being planned or considered.

The realisation and funding of such problematic projects or project variants must be avoided. Resources must be spent more effectively, on the most needed and beneficial projects. The construction of dozens of unnecessary or harmful projects with EU money and European flag billboards would harm the EU's image and legitimacy among citizens and fuel distrust in the EU institutions.

How can the Commission ensure that major projects have clear economic, social and environmental benefits and are fully consistent with EU legislation and policies? CEE Bankwatch Network and Friends of the Earth Europe believe that the following six points are crucial:

Improved transparency

- 1) **The timely publication of online information on major projects submitted for EC funding support.** New major projects should be added to an online list on the DG Regio website immediately after the EC receives an application for funding from a member state. The website should include direct access to full project documentation (the application, feasibility study, cost-benefit analysis, EIA, etc.) and an expected date for the EC decision on funding of the project. The website should also enable the submission of comments regarding such projects, directed to the relevant departments.
- 2) **Online publication of the annual JASPERS action plans** of all involved member states immediately after their approval. The website should also enable citizens to provide the EC with comments on the plans.

Environmental assessments

- 3) **Place maximum attention on the quality of the environmental impact assessments (EIA) and public consultations** carried out for major projects. EIAs in many member states are too often carried out in a deficient manner (e.g. assessments are carried out too late, after the decision has been taken; assessments are carried out by investors themselves; alternatives are not considered; projects are sliced into short sections to avoid showing their overall impacts; public consultations are poorly organised; conclusions are ignored).¹
- 4) **Place maximum attention on the application of the strategic environmental assessment (SEA)** on draft operational programmes (especially for transport). The current programming period is the first time when SEA needs to be applied to operational programmes. The problems already seen in some member states are similar to the ones with EIA: SEA carried out too late and pro-forma only; low quality of the process and its result; low quality of public consultations.

Waste and transport sectors

- 5) **Use maximum caution for the funding of major waste projects.** Public funding for waste incinerators and landfills artificially reduces the price for waste disposal. This then undermines the EU's own waste hierarchy policy, where incineration and landfilling are only the options of last resort. Construction of a number of waste incinerators is planned in some new member states. EU funds should instead be *systematically focused* on the more job-creating and resource-efficient methods favoured by the EU waste hierarchy, namely prevention, recycling and composting of waste.
- 6) **Prevent conflicts between transport infrastructure and Natura 2000 sites as well as residential areas.** There are a huge number of potential conflicts with nature rich areas in the new member states. EIA and SEA are the instruments that, if applied seriously, can avoid these conflicts while respecting all of society's needs.

¹ The newly published EU Biodiversity Action Plan COM(2006) 216 acknowledges that "[EIA] is often done too late or is of poor quality" and calls for improvements "ensuring that community funds for regional development benefit, and do not damage, biodiversity".

Annex 2

Seven reasons for improved transparency in EU funding of major projects (Re point 1)

Justification for the proposal to publish online information about major projects submitted for EU funding, including the full project documentation and a possibility for citizens to submit comments *before* the EC decision is made

- 1) Transparent decision-making in this area is a legitimate right of European citizens, given the **high costs of such major projects for EU taxpayers** and their often significant social and environmental impacts. With the cost of each project above EUR 25 million, these are the **single biggest investments from the EU budget**. Moreover, the submitted documents such as cost-benefit analyses are themselves prepared with public funds.
- 2) Access to information is all the more important **for citizens living in the direct vicinity** of such projects. Currently they often do not have any information on whether the EC will make a decision on a given project and about the proposals it received from the national government.
- 3) The **Commission and its relevant departments will benefit** from a variety of sources of information on the submitted projects, which will enable them to make better, well-informed decisions.
- 4) **Regulation 1049/2001** on public access to EU information, whose purpose is to *"give the fullest possible effect to the right of public access to documents [...]"*, also states in article 12 that: *"The [EU] institutions shall as far as possible make documents directly accessible to the public in electronic form..."*.
- 5) The new Green Paper on the **European Transparency Initiative** goes further in this direction by proposing a mandatory disclosure of data on beneficiaries of EU funds in the member states. Logically, the Commission should also improve its own transparency in decision-making about major projects.
- 6) Online publishing of information about major projects is a **common practice** among all funding donors, including the **European Investment Bank** (www.eib.org/projects/pipeline). The European Commission is a regrettable exception. Moreover, the EC clearly needs to go beyond the EIB's practice, which is still not sufficient.
- 7) It is **not enough to leave responsibility for disclosure to member states**. Applications to EC for major projects are only rarely disclosed in member states. In any event, the Commission should directly publish all relevant information on its own website because the possibility of EU funding makes the major projects relevant for all EU citizens irrespective of nationality. The Commission makes the final decision on the funding of major projects, not the member states.

Annex 3 - An idea for a webpage with information on submitted major projects.
The information below is fictitious and serves only as an example

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Project list

The list includes major projects submitted to the Commission for financing.

Country	Status	Date submitted	Decision due	Project title. Click for further information and submission of comments
Latvia	Under appraisal	17/05/2007	17/08/2007	Reconstruction of Riga railway junction (SEE EXAMPLE ON THE NEXT PAGE)
Poland	Under appraisal	15/05/2007	15/08/2007	Railway modernization E 65 Gdynia – Zebrzydowice/Zwardoń
Hungary	Under appraisal	09/05/2007	09/08/2007	Waste water system in Székesfehérvár
Czech Republic	Under appraisal	10/05/2007	10/08/2007	R6 Expressway - Nové Strašecí - Kamenný Dvůr
Poland	Under appraisal	09/05/2007	09/08/2007	Extension of the airport in Gdańsk
Slovakia	Under appraisal	09/05/2007	09/08/2007	Bratislava wastewater sewer system
Hungary	Under appraisal	09/05/2007	09/08/2007	M4 Motorway Monor - Pilis
Poland	Under appraisal	09/05/2007	09/08/2007	A-2 Motorway Warszawa-Siedlce section
Czech Republic	Under appraisal	09/05/2007	09/08/2007	Railway modernization Beroun - Praha Smíchov (tunnel)
Hungary	Under appraisal	09/05/2007	09/08/2007	Waste management system in Győr Region
Poland	Under appraisal	08/05/2007	08/08/2007	A-4 Motorway Kraków-Tarnów section
Bulgaria	Under appraisal	08/05/2007	08/08/2007	Extension of the Metropoliten Sofia
Slovakia	Under appraisal	08/05/2007	08/08/2007	D3 Motorway Svrčinovec - Skalité
Czech Republic	Under appraisal	04/05/2007	04/08/2007	R35 Expressway - Sedlice - Mohelnice
Romania	Under appraisal	04/05/2007	04/08/2007	Targoviste-Sibiu Motorway
Poland	Under appraisal	04/05/2007	04/08/2007	Construction of a flood-protection reservoir Racibórz on the Oder river
Latvia	Under appraisal	03/05/2007	03/08/2007	Construction of E22 road - section Riga-Koknese
Bulgaria	Under appraisal	03/05/2007	03/08/2007	Modernisation of Sofia - Plovdiv railway
Hungary	Under appraisal	09/05/2007	09/08/2007	Budapest suburban railway development
Poland	Under appraisal	02/05/2007	02/08/2007	Railway Warszawa – Wrocław – I stage – high speed line
Slovakia	Approved	28/04/2007	28/07/2007	Galanta, wastewater sewer and wastewater treatment plant
Spain	Approved	27/04/2007	27/07/2007	Puerto de Algeciras
Poland	Approved	27/04/2007	27/07/2007	A-1 Toruń-Stryków section
Czech Republic	Approved	27/04/2007	27/07/2007	Municipal waste management system in Pilsen
Hungary	Approved	27/04/2007	27/07/2007	Flood reservoir in Szamos-Krasznaköz

Reconstruction of the railway junction in Riga

Date of Entry:	10/05/2007
Beneficiary:	Government of Latvia
Location:	Latvia - Riga
Description:	Reconstruction of the railway junction in Riga... ...
Objectives:	The project will improve the transit of trains through Riga...
Sector:	Railway infrastructure
Proposed EU co-financing:	EUR 86.36 from the Cohesion Fund (85% of the total cost)
Total cost:	EUR 101.6 million
Available project documents (for download)	Application Feasibility study Timetable for implementation Cost-benefit analysis Environmental impact assessment Justification of public contribution Financing plan
Status:	Under appraisal - 10/05/2007. Decision due 10/08/2007
Submit a comment	By clicking on the link, you can submit a comment on the project
View comments	By clicking on the link, you can view all comments submitted so far (if any)