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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 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.

José Manuel Barroso
President
European Commission
Rue de la Loi 200
B - 1049 Brussels
Belgium

Stavros Dimas
Commissioner for Environment
European Commission
Rue de la Loi 200
B - 1049 Brussels
Belgium

Danuta Hübner
Commissioner for Regional Policy
European Commission
Rue de la Loi 200
B - 1049 Brussels
Belgium

Philippe Maystadt
President
European Investment Bank
100, boulevard Konrad Adenauer
L-2950 Luxembourg

Brussels, March 6, 2008

Subject: Preventing the use of EU and EIB funds for ill-conceived projects

Dear President Barroso, Commissioners Hübner and Dimas, and President Maystadt,

We would like to share with you our concerns about the large number of environmentally harmful and often also economically doubtful major projects planned to be financed by the structural and cohesion funds and the European Investment Bank in central and eastern European (CEE) countries. Please find enclosed a new map of 50 such projects, the result of an extensive investigation carried out by CEE Bankwatch Network and Friends of the Earth Europe.

The total cost of these 50 projects is estimated at EUR 22 billion, of which EUR 10 billion would be paid by EU funds with further potential finance to be provided by the EIB. Some of the projects have been approved already, but most are still under preparation for the budgetary period 2007-2013.

The most prevalent types of problematic projects featured on the map are:

- waste incinerators promoted at the expense of economically and environmentally superior recycling alternatives;
- motorways ineptly routed through valuable natural areas or residential zones regardless of possible alternative routes;
- river engineering projects set to destroy unique natural sites.

We see the EU funding support for CEE countries as necessary and welcome. But if it is spent on damaging or unnecessary projects, its potential to deliver benefits is being undermined. Recklessly prepared and unpopular projects also lead to disputes and delays and thereby jeopardise the ability of the new member

states to spend the full amounts of EU funds available. We believe it is crucial to address and prevent such problems in advance, before they happen.

We would like to emphasise that the projects on the map are not the results of an “inevitable trade-off” between economic development and the environment. **Alternative options and solutions exist** – be it just a different route for a motorway or a conceptually different solution, such as investing in recycling waste instead of incinerating it. What is more, the greener alternatives are often less costly.

The map shows that inappropriate major projects are unfortunately not limited to a few isolated exceptions. It is a systematic problem that requires systemic solutions. **We believe that the different alternatives must be impartially assessed, compared and consulted with the public in order to select the best options from the economic, environmental and functional points of view.** This should be the basic condition underlying the EU's and the EIB's approval of funding for the projects.

The current system where major projects are approved by the European Commission and the EIB on the basis of a formal environmental impact assessment and cost-benefit analysis is not sufficient. In our experience, derived from the monitoring work of our national coordinators in the new member states, such assessments and analyses are often carried out improperly and fail to consider the available alternatives, or their results are not respected by the authorities.

We would like to illustrate the problem with **two examples** from Poland, planned for the 2007-2013 period:

- There is a proposed scheme for building **nine municipal waste incinerators** at an overall cost of more than EUR 1 billion. An alternative solution based on waste separation and recycling that has been successfully implemented in some Polish municipalities would cost only a small fraction of the planned incinerators. The EU should finance the development of recycling services that would bring Poland closer to implementation of the EU packaging, waste and landfill directives and that are in line with the EU's waste policy, thereby not allowing the diversion of the funds to less effective and more costly technologies, namely incineration facilities.
- There is a plan to construct the **Via Baltica expressway along road no. 8** that has been the subject of much controversy and an EU infringement procedure. The international consultancy Scott Wilson hired by the Polish government assessed 40 different route variants from the transport, economic, social and environmental perspectives. In December 2007, Scott Wilson recommended an alternative variant via the town of Ełk and Łomża. However, the Polish authorities afterwards chose to ignore the results of the study and again proposed the original, most environmentally harmful but also economically inferior route for EU funding. The EU should finance the best available variant selected by the government-commissioned study and not the most damaging variant.

We recognise the fact that the projects are being prepared in the member states. However, the European Commission and the EIB approve them and are ultimately responsible for the use of the EU's public resources. As long as the EU and EIB continue to finance inappropriately prepared projects, practice (project selection, preparation etc) in the member states is not likely to improve.

We appeal to you to ensure that EU and EIB financing for ill-conceived projects is stopped and to demand that alternative options solutions are properly assessed for all major projects. A strong political commitment is necessary because the evidence shows that legal instruments are not sufficient to avoid damaging and unnecessary projects.

For transport infrastructure, it is vital that the required assessments are from now on conducted for whole transport corridors rather than for individual project sections, as has been the case. The so called ‘salami’ tactic of dividing roads into smaller projects and assessing specific sections separately does not allow for the proper assessment of overall impacts, including how many nature protected areas might be crossed and what are other options within the transport corridor that are less destructive. For waste management, the assessments should impartially compare different possible waste management options rather than mere sub-variants of one pre-selected option (eg, an incinerator), which has been the common practice to date.

The new EU agency JASPERS, tasked with assisting new member states to prepare major projects for EU and EIB funding, should be used to ensure a proper and participative project preparation process from an early stage. However, the agency would have to explicitly receive this task from the Commission and the EIB.

The projects shown in our new map are, unfortunately, only a selection. There are more controversial projects being planned or considered. We will continue to monitor them, update our map and bring these issues to the attention of decision-makers and the public.

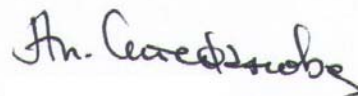
We would appreciate a reply to this letter, explaining how the Commission and the EIB will respond to the troubling evidence presented in our map.

Should you have any questions about the information in our map or about our proposals for preventing the problems, please do not hesitate to contact us for more information.

Yours sincerely,



Magda Stoczkiewicz
Director
Friends of the Earth Europe



Anelia Stefanova
EU affairs coordinator
CEE Bankwatch Network

Postal address: Friends of the Earth Europe
Rue Blanche 15
B-1050 Brussels, Belgium

An interactive version of the map is available at: <http://www.bankwatch.org/billions>