



**Supplement**  
**to the Synthesis Report**  
**“Climate Change and the EU Budget 2021-2027”**

**Assessment**  
**of the responses from the questionnaire**  
**and conclusions drawn from them**

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**EUKI Project “An MFF for the Climate”**

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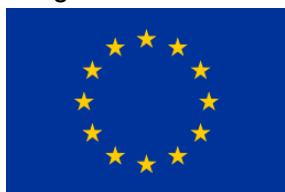
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## Introduction

In the framework of the EUKI project “An MFF for the Climate” the project team developed a **questionnaire** (Annex 1) for civil society organisations (CSOs) to explore their experience and perspectives on needs for EU funding. The questionnaire was sent to over 4,000 experts and representatives of civil society asking their opinion on the implementation of the current MFF (2014-2020) and asking for suggestions for the next one (2021-2027). Altogether, 42 responses (including interviews) have been received from 21 countries and 3 international organisations. The respondents to the Questionnaire “Climate Change and the EU’s Budget 2021-2027” (in the following: the respondents) came from very diverse backgrounds, working in various fields, including not only environment, but, for example, education, women rights, anti-corruption and education. The responses are documented in Annex 2.

Chapter 1 summarizes the respondents’ insights on positive and negative effects of past and present EU funding. Chapter 2 presents their main priorities and recommendations for future funding.

An overall observation of the questionnaire evaluation is the difference in responses from participants from net recipient versus net contributing Member States. It was extremely difficult, and mostly even unsuccessful to get responses from net donor Member States. This indicates a general lack of knowledge and interest in the MFF among CSOs in these countries. Although it was demanding, too, to get responses from net recipient countries, CSOs in these countries are clearly much more interested and knowledgeable about EU funding.

## 1 Insights from the questionnaire: positive and negative effects of EU funding

The responses to the questionnaire and interviews as well as personal discussions with a number of experts who did not wish to respond to the questionnaire or give an interview (the latter even asked not to mention their name) have offered important lessons on past and present EU funding.

The CSO representatives generally acknowledged that in many concrete cases EU funding did contribute to improving the environment and protecting the climate. However, it is generally disputed that EU funding has overall achieved its objectives. The author of this Supplement found that this concern is widely reflected in literature, too.<sup>1</sup>

In several Member States, there is a wide-spread opinion that in general (not only related to the environment and climate) Member States would do better without EU funding. A

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<sup>1</sup> A selection of such literature is presented in the footnotes further on. The Synthesis Report also contains a number of related references.

representative opinion poll<sup>2</sup> conducted in 8 Member States showed that only a slim majority of those surveyed think that wealthy countries should support poorer countries – although solidarity is one of the EU’s founding principles. 44% of those asked believe that EU member countries should get along financially by their own means, i.e. wealthy member countries should not support poorer ones. It is especially striking that in the Czech Republic, a net recipient of EU money, 61% of those surveyed replied that rich EU countries should not finance poorer ones, and even in Slovakia, one of the less developed EU Member States, 35% think so.<sup>3</sup>

In Slovakia, an ad hoc delegation of the European Parliament was confronted with the following affirmations made by the representatives of the civil society: “EU funds have always been seen as a gift and as a package of money which goes to oligarchs”, and “some groups are organized to live on EU funds, they know how to get the money before even the calls for tender are being made...” In Hungary, quite a number of pro-European experts and politicians have expressed the opinion that the present system of EU funding causes more harm than good to the country.<sup>4</sup>

Naturally, such a situation is very unfavourable both for the EU in general, and for climate protection, in particular. It is one aim of this report to find the main reasons of the undesirable effects of EU funding and propose solutions to these problems.

The concrete **problems** mentioned in the responses to the questionnaire, in interviews and personal discussions can be grouped in 10 categories, and they are described in more detail in chapters 1.1 to 1.10. The findings represent the respondents’ opinions. Some quotations from the responses are presented in a box at the end of each chapter.

## 1.1 Contradicting policies

- a) Often, national policies have contradicted EU targets and the purpose of EU funding. For example, while EU funding has been used for environment-friendly transport (e.g. tram renewal, bicycle infrastructure), there have been enormous tax subsidies for company car use.<sup>5</sup> Another example: while EU money has been provided for improving public administration, changes in the legislation and the institutional system in several cases (in some countries, in many cases) have contributed to increasing the level of fraud and corruption.
- b) Quite often some investments in a certain field have been financed with EU money in accordance with the EU’s objectives, but at the same time the national government has taken measures which resulted in a much greater step backwards from attaining the EU

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<sup>2</sup> Friedrich-Ebert-Stiftung (2017): “The European Union Facing Massive Challenges – What are Citizen’s Expectations and Concerns?”. [library.fes.de/pdf-files/id/ipa/12346.pdf](http://library.fes.de/pdf-files/id/ipa/12346.pdf)

<sup>3</sup> Also see: European Parliament (2018): “Report on the ad hoc delegation to Slovakia”, pp. 22-24. [http://www.europarl.europa.eu/cmsdata/140001/Ad%20hoc%20delegation%20to%20Slovakia\\_report\\_20180313.pdf](http://www.europarl.europa.eu/cmsdata/140001/Ad%20hoc%20delegation%20to%20Slovakia_report_20180313.pdf)

<sup>4</sup> **Annex 3** to this Supplement to the Synthesis Report “Climate Change and the EU Budget 2021-2027” contains a list of related quotations. The author of this Supplement has talked personally with most of the persons cited in Annex 3, and has received valuable information from them, including references to related literature.

<sup>5</sup> See, for example: Tax benefits from company cars. OECD, <https://www.oecd.org/tax/company-car-taxes.htm>

objectives than the progress thanks to the investments financed by the EU. For example, there have been some EU investments into higher education in Hungary, but at the same time the Hungarian government reduced spending for higher education by more than 30% – in spite of the fact that high quality education is indispensable, among others, for understanding and tackling climate and environmental problems.

- c) For each seven-year programming period each Member State has to produce a Partnership Agreement (PA) in cooperation with the European Commission. This is a reference document for programming interventions from the Structural and Investment Funds and links them to the aims of the Strategy of the Europe Union. It defines the strategy and investment priorities chosen by the relevant Member State and presents a list of national and regional operational programmes (OPs) which it is seeking to implement, as well as an indicative annual financial allocation for each OP. Furthermore, each year, the national governments submit their National Reform Program (NRP) to the European Commission. Similarly, each year the European Council adopts Country-Specific Recommendations (CSRs) for the Member States. (The NRP is a document that presents the policies of the member country, which aim to achieve the targets set forth in the EU's Europe 2020 Strategy. The CSRs are the yearly assessments prepared by the Commission and adopted by the Council on the progress of each Member State towards achieving these targets, and they include recommendations for improving the country's performance.) The NRPs and CSRs, too, are approved by the governments of the member countries as well, thus they are binding commitments for these governments. In spite of this, the national governments have quite often failed to fulfil their commitments they had agreed to in the PA, NRP and CSRs, and in a number of cases they have been doing just the opposite of what they committed themselves to in these documents. The author of this Supplement has participated in many meetings where this problem was raised. The problem was underlined also by the assessment<sup>6</sup> by the Economic Governance Support Unit of the European Parliament which came to the conclusion that in 2014 Bulgaria and Hungary made no meaningful progress in implementing any of the Country-specific Recommendations, and several other countries did not do much better either. Its new assessment<sup>7</sup>, in 2017, overall did not show an improvement, in spite of the fact that the number of recommendations had been significantly reduced.
- d) The fact that national policies in practice often conflict with the policies declared in the PA, NRP and CSRs is partly also due to corruption on governmental level. When enormous sums can be pocketed by certain business groups and politicians from, for example, environmentally harmful activities like gas imports or the construction of a nuclear power station, then the voice of civil society organisations naturally fall on deaf ears at government level.<sup>8</sup>

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<sup>6</sup> European Parliament (2015): "Implementation of the 2014 Country Specific Recommendations". [www.europarl.europa.eu/RegData/etudes/ATAG/2015/542649/IPOL\\_ATAG\(2015\)542649\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/ATAG/2015/542649/IPOL_ATAG(2015)542649_EN.pdf)

<sup>7</sup> European Parliament (2015): "Implementation of the 2017 Country Specific Recommendations". [www.europarl.europa.eu/RegData/etudes/ATAG/2018/614500/IPOL\\_ATAG\(2018\)614500\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/ATAG/2018/614500/IPOL_ATAG(2018)614500_EN.pdf)

<sup>8</sup> See, for example:

- e) The situation described above has already raised serious concerns in several net donor countries of EU funding. For example, the author of this Supplement attended the Conference “Shaping Our Future: Designing the Next Multiannual Financial Framework” (Brussels, 8 January 2018) where Nathalie Loiseau, Minister for European Affairs of France stated the following<sup>9</sup>: « ...*les fonds de la politique de cohésion doivent être conditionnés à des soucis de convergence fiscale, de convergence sociale et aussi de respect de l'état de droit. Il paraît très incongru que les mêmes pays reçoivent des crédits européens vers certains objectifs et poursuivent dans le même temps des politiques nationales contraires à ces mêmes objectifs.*» [own translation: “...the cohesion funds policy should have conditionalities for fiscal convergence, social convergence, and also for the rule of law. It seems very inconsistent that countries receiving funding for certain objectives implement national policies that contradict these objectives.”<sup>10</sup>] We would add that such conditionalities should exist also for environment and climate issues. Several diplomats from Western Member States, with whom the author of this Supplement talked, said that it is getting more and more difficult to explain to the citizens and decision-makers in their country why their tax money is being used to support other member states where this money is used very inefficiently and even misused.
- f) Another, widespread contradiction has occurred between legislation and its enforcement. In the overwhelming majority of cases, EU legislation was completely and precisely transposed into national law. However, at the same time, institutional capacity to enforce the laws has been often lacking. The problem is exacerbated by the excessive dependence of national and local authorities on political powers (e.g. the heads of the authorities are, in many cases, appointed by the government which expects from them the “right” decisions). Some of the respondents highlighted that all this is very characteristic for the authorities and other institutions dealing with environment and climate change.

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European Commission: “However, the true social cost of corruption cannot be measured merely by the amount of bribes paid or public funds diverted. In addition to allowing economic inefficiencies to flourish, **corruption adversely affects government objectives ranging from improving income distribution, to better environmental protection.** Most importantly, corruption undermines trust in governments, public institutions and democracy in general.” [https://ec.europa.eu/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption\\_en](https://ec.europa.eu/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption_en) (Our emphasis.)

CEE Bankwatch Network (2016): “Revealed: the EU’s flagship energy project is built by companies with a legacy of corruption”. [https://bankwatch.org/press\\_release/revealed-the-eus-flagship-energy-project-is-built-by-companies-with-a-legacy-of-corruption](https://bankwatch.org/press_release/revealed-the-eus-flagship-energy-project-is-built-by-companies-with-a-legacy-of-corruption)

Hungarian Spectrum (2015): “The Great Fidesz Gas Theft”. <https://hungarianspectrum.org/2015/06/22/the-great-fidesz-gas-theft/>

Corruption Research Center Budapest (2014): Corruption Risks of the Nuclear Power Plant Investments: What Can We Expect in the Case of Paks II? <http://www.crcb.eu/?p=738>

European Commission, Directorate General for Internal Policies (2017): Fossil Fuel Subsidies (see point 7.4). [https://www.europarl.europa.eu/RegData/etudes/IDAN/2017/595372/IPOL\\_IDA\(2017\)595372\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2017/595372/IPOL_IDA(2017)595372_EN.pdf)

Corporate Europe Observatory (2019): “New Commission: Shadows of corruption and conflicts of interest”. <https://corporateeurope.org/en/2019/09/new-commission-shadows-corruption-and-conflicts-interest>

<sup>9</sup> European Commission (2018): “Conference “Shaping Our Future: Designing the Next Multiannual Financial Framework (MFF)”, video: min. 31:00. [ec.europa.eu/avservices/video/player.cfm?sitelang=en&ref=1149110](https://ec.europa.eu/avservices/video/player.cfm?sitelang=en&ref=1149110)

<sup>10</sup> Translation by the author of this Supplement.

*“EU funding also makes it possible for the Hungarian government to use national money for inefficient, unnecessary or even environmentally (socially, economically) harmful investments. ... The main problem is, however, not technical or economic, but political. Without a general transport policy focused on climate protection, the transport development projects will not reduce the threats of climate change.” – Respondent from Hungary*

*“I fear that without a price on emissions, we are not at the races. I fear that there is no effort to get this across.” – Respondent from Ireland*

*“A lot of EU money (funds and EIB loans) was spent on smart grid investments intended to enable RES integration, while the development of RES was deliberately stymied with regulatory measures. ... Our experience shows a lot of cases where the EU spends money on projects aimed at biodiversity conservation or climate protection, while at the same time spending even more money on projects that adversely affect biodiversity and lock-in fossil fuels (such as gas pipelines).” – Respondent from Poland*

*“There is the question of continuing the subsidies, especially the legality of the indirect subsidies for coal mining via the mandatory purchase of the brown coal by the electricity company resulting right now in 115 million Euros a year of additional funding that we pay though our electricity bill for the burning of lignite, not even brown coal in Slovakia.” – Respondent from Slovakia*

*“The culture in Spain in general works in that way: there is a problem, we adopt a law – and the problem is considered solved.” – Respondent from Spain*

## 1.2 Inefficient use of EU money

- a) Even if an investment could be justified, and even if there was no corruption behind it, it has been often implemented in a very wasteful manner because it was financed with “free money.”
- b) The use of EU money has often been restricted to infrastructure developments which in itself has steered a great amount of resources to areas which have a high opportunity cost, i.e. these resources could not be used for purposes which would have been much more useful for society. An example of such purposes (according to some respondents and also according to the author of this Supplement) is the raising of the salary of teachers or health workers or increasing social allowances to low-income families – although funding for the development of human resources is the most efficient way to improve the quality of life which is declared as the primary aim of the EU policies. Another example mentioned by a respondent was that EU funding could help eliminate environmentally harmful subsidies (including tax subsidies). Namely, this measure would mean that prices for the products and services concerned (e.g. car use) would increase, so such a measure could be implemented successfully only if there would be proper compensation for citizens, but this could not be financed by EU money even if there would be political will for it.<sup>11</sup>

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<sup>11</sup> Such subsidy and tax reforms have been generally successful in countries which, while raising taxes on energy, at the same time provided monetary compensation for citizens. See for example the case of Ghana, Indonesia, and especially Iran. See, for example:

- International Monetary Fund (2013): “Case Studies on Energy Subsidy Reform: Lessons and Implications”. <https://www.imf.org/external/np/pp/eng/2013/012813a.pdf>



- c) EU money spent on dubious or inefficient purposes coupled with the necessary own financial contribution by net recipient countries has drained away resources from education, health care, and social issues, and all this has greatly contributed to the fact that each year tens of thousands of persons left these countries to live in the net donor countries. Most of these people are young, well-educated, and independently thinking, i.e. those who would could best contribute to country's development and who would be most willing and capable to take steps against corruption and other malfeasances. This emigration is also an enormous economic loss to the countries from which these people emigrate.
- d) The national governments have strived to spend every last cent of EU money, rendering the efficiency of spending much less important. Coupled with corruption and other factors (market distortion, low efficiency, etc.), this has led – among others – to investments that were not really necessary or did not represent the most efficient way to spend public money in a given period of time. In speaking with experts, some of them said that latter is one of the biggest concerns regarding EU budgetary spending, i.e. that national governments and local authorities under time pressure often don't respect the basic principle that EU money must be used with the highest efficiency.
- e) For the governments, it has been much simpler to spend EU money on a few big projects than a lot of small ones. Therefore, the governments have tended to implement big projects even if implementing many small projects would be more efficient economically and/or environmentally. For example, they rather provided funding for the construction of motorways and big new hotels than for making residential houses more energy efficient. This has also meant that big investments have attracted the highly qualified labour force. The author of this Supplement attended, in September 2019, a meeting on climate change convened by a Member of the Hungarian Parliament where several politicians and experts agreed that due to such big investments it became extremely difficult for households to find specialists for improving the energy efficiency of their home – and even if they found one, it came at an extremely high cost, and this has a very detrimental effect on climate mitigation and adaption as well as on the life of the people.
- f) “Free” EU money has been often happily accepted for investments, but the need to finance operation and maintenance after the project has ended has not been always taken into consideration, later often causing enormous problems for the owners.<sup>12</sup>

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- International Monetary Fund (2011): “IMF Working Paper WP/11/167. Iran – The Chronicles of the Subsidy Reform”. <http://www.imf.org/external/pubs/ft/wp/2011/wp11167.pdf>
  - K. Chelminski (2018): “Fossil Fuel Subsidy Reform in Indonesia”. <https://www.cambridge.org/core/books/politics-of-fossil-fuel-subsidies-and-their-reform/fossil-fuel-subsidy-reform-in-indonesia/69E6706F3ABFB80052B20E3772404138/core-reader>

<sup>12</sup> Napi.hu (2012): “Bekeményít a számvevőszék”. (The news portal reports about a statement of the President of the Hungarian State Audit Office, László Domonkos who, speaking about the results of their examination of the use of EU funds by local municipalities, said the following: “When they implement an investment, they do not consider how much it will cost to maintain and operate it during the next 10 to 20 years. Regarding the whole period, it might be that the EU funds cause more harm than good.”) [www.napi.hu/magyar\\_gazdasag/bekemenyit\\_a\\_szamvevoszek.540898.html](http://www.napi.hu/magyar_gazdasag/bekemenyit_a_szamvevoszek.540898.html)

*“European funds represent a major source of investment funding in the Czech Republic, which is a great thing. I don’t think they are always used effectively. Another problem has been that the EU funds have been pushing out national sources of funding, so now there is a discussion about how the Czech state budget is going to be able to sustain all these investments when the EU funds will be gone or directed to other areas.” – Respondent from the Czech Republic*

*“Spending in haste (better to spend than lose money; efficiency & capacities not sufficiently considered).” – Respondent from Croatia*

*“There are a number of cases when the investment was implemented, but after that nobody used it. ... For example, some fish processing factories were built at Lake Peipsi and those are empty. On paper it looked good but in reality, they never started to work. We built roads which few are using; on some big roads built with EU money we have 10 cars per day.” – Respondent from Estonia*

*“The main aim of the government is to use as much money as fast as possible – we call this the pressure of absorption. Planning is secondary – even at the planning phase the projects are not prepared properly – they might not be justified or overplanned as we have to spend as much money as possible. Proper controlling is not present because it would go against the notion that money needs to be spent as soon as possible.” – Respondent 1 from Hungary*

*“It is also telling that in the MFF period 2007-2013, 25% of the EU funds were allocated to direct economic development, i.e. direct subsidies to enterprises. However, even research commissioned by the government came to the conclusion that all this spending did not contribute to increasing the competitiveness of Hungary; the companies that received EU funding did not perform better than those companies that received no EU funding.” – Respondent 2 from Hungary*

*“There are some educational institutions in the regions whose buildings were insulated, however, were later closed due to lack of students. ... Basically, it often occurs, that you build the infrastructure just because the money available, not because you need it.” – Respondent from Latvia*

### 1.3 Damages to the environment and the climate

- a) Investments have often been made without taking into account the environmental damages caused by the investment. For example, river regulation harmed ecosystems, road construction destroyed valuable natural areas.
- b) A large part of EU funding has been used for road construction and – to a lesser extent – airport development. Such funding clearly contradicts the principles of market economy and “the polluter pays” principle, enshrined in the Treaty on European Union<sup>13</sup> (Article 3) and the Treaty on the Functioning of the European Union<sup>14</sup> (Article 191), respectively. This is all the more apparent, considering the enormous external costs of road transport and aviation. The user/polluter should fully pay for such investments, and not the taxpayer.
- c) It has been quite common that there was no proper environmental assessment either before the approval of projects, or after they ended. In many cases, proper environmental

<sup>13</sup> Official Journal of the European Union (2016): “Consolidated Version of the Treaty of the European Union”. [eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:12016M/TXT&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:12016M/TXT&from=EN)

<sup>14</sup> Official Journal of the European Union (2012): “Consolidated Version of the Treaty on the Functioning of the European Union”. [eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:12012E/TXT&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:12012E/TXT&from=EN)

assessments had been carried out, but their results have not been taken into account during the final decision on the project.

- d) Often funding has been allocated to problematic landfill systems instead of circular economy infrastructure.
- e) Among the subsidies counting towards the climate target are subsidies known to be ineffective in reducing GHG emission and contributing to keeping the status quo concerning the intensive farming system.
- f) The Common Agricultural Policy (CAP) has pushed farmers to specialise in a reduced number of crops which heavily depend on chemical inputs in order to provide enough feed for animal production. This system has left the sector even more vulnerable to changes, and is a major cause of biodiversity loss, water and air pollution, unhealthy diet.
- g) Compensation for farmers for certain losses caused by climatic events and swine fever has encouraged farmers not to manage business risks.
- h) EU funding has promoted an export-oriented agricultural model which relies on the overuse and depletion of our natural resources. The EU is also a major importer of raw materials to feed at low cost its intensive agricultural systems. Hence the Common Agricultural Policy has a negative impact on natural resources beyond European territories.
- i) The indicators measuring the environmental efficiency of the projects and investments funded by EU money have been often inadequate.
- j) The CEE Bankwatch Report “Climate’s enfants terribles: how new Member States’ misguided use of EU funds is holding back Europe’s clean energy transition”<sup>15</sup> lists many concrete examples of environmentally harmful spending of EU money.

*“In the area of air quality, colleagues say that money is simply wasted as the municipality programmes for clean air are made by the companies that trade with filters. Most of these programmes are breaching Art. 23 of AAQD (Directive 2008/50/EC of the European Parliament and of the Council of 21 May 2008 on ambient air quality and cleaner air for Europe.” – Respondent from Bulgaria*

*“Several wastewater treatment facilities were built but their capacity significantly exceeds the needs of the local community. They are expensive and people are refusing to get connected so the results are not as good as they could have been.” – Respondent from Croatia*

*“So far, the EU budget has been supporting large scale industrial farming which is disadvantageous for the climate.” – Respondent from Denmark*

*“...the supported projects are not always in line with EU climate and biodiversity targets.” – Respondent from Finland*

*“There is practically no control what this money [EU funding for agriculture] is spent on. Part of it is spent e.g. to buy a new tractor or other agricultural equipment, but a substantial part is used for private purposes, e.g. buying a new house or a new car.” – Respondent 1 from Hungary*

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<sup>15</sup> Bankwatch & Friends of the Earth Europe (2015): “Climate’s enfants terribles”.  
<https://bankwatch.org/sites/default/files/enfants-terribles.pdf>

*“Road construction needs a lot of gravel. More and more gravel pits are operating in Hungary, especially in the region south-east of Budapest in spite of strong protests by local residents ... The gravel pits in this region have already eliminated large areas of high quality cropland and nature areas, significantly contributed to the reduction of the ground water level in the region, and the transport of gravel by heavy trucks through the towns and villages made life almost unbearable for many people, and has caused considerable damage to roads and buildings. In short, EU money provided for road construction has greatly contributed to the unfolding ecological disaster in the region.” – Respondent 2 from Hungary*

*“...agricultural direct payments and investment support under the Rural Development Programme still have only very little link to the objectives of public goods and they do not create real incentives for large farmers to implement climate-friendly measures. Huge public funds have been spent for agriculture, but it did not fulfil the SDGs and is not even coming closer to them.” – Respondent from Lithuania*

*“The biggest advantage has been the substantial funding for clean transport (urban and rail). However, in many other cases (e.g. some road investments), EU-funded projects had a negative impact on biodiversity due to lax environmental controls and obstacles to effective public participation.” – Respondent from Poland*

*“In Romania in the use of the EU funds can hardly be identified in projects whose aims are the protection of the climate and the environment. Even the funds specifically designated for the protection of the environment, for example the funds used for the water management are used for water regulation works which are destroying the river ecosystems (see the regulation of the Niraj river).” – Respondent from Romania*

*“How can the EU declare that we have will have zero carbon emission as soon as possible and at the same time use massive public funding to support the building of gas pipelines? ... the EU has been financing things against these aims, against its own interest and its own pledges on climate. ... The EU has been co-financing the construction of highways which also creating big environmental problems; this basically helps transportation based on fossil fuels. ... I know it from my experience in the past from my work on development that the EU has been dumping subsidised agriculture products to other countries, which caused massive problems in developing countries, especially in Western Africa.” – Respondent 1 from Slovakia*

*“EU funds till 2020 allow Slovakia to prioritize car-transportation at international, national as well as at municipal level.” – Respondent 2 from Slovakia*

*“In agriculture, Slovenia always finds a way how to spoil the good intentions of European Union and make a lot of damage for environment with European agricultural money.” – Respondent 1 from Slovenia*

*“Funds may be earmarked for climate related measures, but the actual impact is questionable. For instance, some 86 million EUR have been dedicated to support transition of businesses to a low carbon economy, but revision has shown merely half of the tenders contained environmental criteria and in no case have these been decisive in obtaining funds/winning the tender. Funds may seem to be dedicated for a certain goal, but the implementation shows otherwise or brings very limited effect.” – Respondent 2 from Slovenia*

*“...you have to fulfil certain requirements on environmental issues, and you have to include an environmental clause in the contract, however, there is no evaluation on whether these environmental clauses were fulfilled or not.” – Respondent from Spain*

## 1.4 Distorted market, waste of resources

- a) EU funds are often distributed to companies in a way that seriously distorts the market in an undesirable way. Many companies make an enormous effort to receive as much EU money as possible in order to gain a competitive advantage, instead of improving their products or services. All this has had a very negative effect on business; among others, it makes businesses unpredictable, if competitors might receive public money.
- b) When only public money is at stake, businesses often do not evaluate properly risks.
- c) The private sector has been closely following the agenda of the operational programmes and not the market needs. This put them on life-support provided by EU funds which means that they are not competitive on the market.
- d) Lobbying interests have pushed for specific selection criteria on project calls, making it easier only for them to get funding.
- e) Selection criteria in public procurements have been often based on the cheapest price for a project or the longest time experience of a company, and not the best quality of implementation.
- f) Selection criteria for public procurements have often been based on the experience of the company which in most cases was gained from previous procurements thus not giving a chance to newer actors.
- g) The fact that EU money is to be spent on “development” (i.e. mostly investments for creating new physical assets like roads, buildings, machines) makes it relatively easy for certain groups to misuse EU money.
- h) This situation described above has led to an enormous waste of resources which could have been otherwise used for funding climate and environment protection.

*“One of the big disadvantages is actually the fact that the economy is in general dependent on EU funding, and you can see that in several sectors, whose performance is closely bound to the available funding from the EU. ... you can see that companies in Bulgaria, including small and medium size enterprises, are entirely focused on the available EU funding, and sometimes they work on projects only because of the fact that they are funded by the EU, not because there is a real market need for them. You can see that sometimes companies relate their activities according to the available funding and not according to the real needs of the economy, or of the country in general.”*  
– Respondent from Bulgaria

*“The way we use EU funds is distorting competition, especially when we talk about public procurements. On average 50% of the Hungarian public procurements are financed by the EU. This leads to a structural change for the worse. The companies which benefit from the system take for granted these public grants, and they are not forced by competition to make innovations, lower their prices, etc., and as a result, new companies cannot enter the market. Thus, this is a long-term harm and danger to the Hungarian economy. .... Furthermore, smaller companies are very much relying on the support of these EU funds; most of them would not survive in normal market conditions; this also will have serious negative consequences in the long-term.”* – Respondent 1 from Hungary

*“The money for enterprises went to a small inner circle of the government and party people, who have absolutely no idea how to run a competitive firm. A large part of the money has been misused, and has disappeared, enriching private wealth.”* – Respondent 2 from Hungary

*“In Spain, even if the money is spent for proper purposes, there is often an increase in the price of the investment by 20-30%, which finally will be in the taxes that citizens pay.”* – Respondent from Spain



## 1.5 Widespread corruption and fraud

- a) Corruption related to EU funding has been widespread.
- b) In several countries the present system of EU funding has even become a strong driving force for state capture, i.e. the present system of distributing EU funds is in itself a major source of corruption. (For example, one study relating to the Czech Republic and Hungary states the following: “Propensity score matching estimations suggest that EU funds increase corruption risk by up to 34%.”<sup>16</sup>) Free money has irresistibly attracted all those looking to get rich (or much richer) within a short time by illegal or semi-legal means. These circles have done everything they could to capture the national and local governments, and, as practice proves, they often succeeded. Thus, environmental and social concerns became irrelevant.

*“Corruption amounts to up to 50% of project money.” – Respondent from Bulgaria*

*“It is also unacceptable that if the money is misused, and the government has to repay it, then later it can be used by the same government for some other purpose.” – Respondent 1 from Hungary*

*“In many cases, a certain percentage of the EU support has to be offered in advance for actors in the background. In other cases, and this is typical with large projects, the specification is compiled in such a way that only one applicant can comply with that. Public procurement processes are manipulated, and the involved players have no courage to protest against it, as practically everybody is dependent on ‘the system’.” – Respondent 2 from Hungary*

*“...the whole EU framework allows corruption risks to be built into the system. The whole assumption is that the member state/national mechanism has good controlling mechanisms on the use of EU funds. It is all made under the assumption that the governments want to use the money in a prudent way. The EU does not (cannot really) deal with the problem that the controlling mechanisms don't work.” – Respondent 3 from Hungary*

*“I was taken aback by the fact that the EU follows a non-refundable grant model, even in contexts where market forces should prevail, as this creates a hotbed of corruption, regardless of the underlying intentions.” – Respondent 4 from Hungary*

*“There is no transparency of how the EU budget is spent in Spain, there is no clarity in how to allocate the budget following the competition policy of the EU, etc. ... The government uses EU funds for funding those, who are near them. In the past it was the same with all other governments, it is as simple as that.” – Respondent from Spain*

<sup>16</sup> This problem has been raised by several respondents and it is also described in detail in studies by Transparency International and other institutions. See, for example:

M. Fazekas & L. P. King (2018): “Perils of development funding? The tale of EU Funds and grand corruption in Central and Eastern Europe”. <https://onlinelibrary.wiley.com/doi/abs/10.1111/rego.12184>

M. Fazekas et al. (2013): “Are EU funds a corruption risk? The impact of EU funds on grand corruption in Central and Eastern Europe”. [http://www.crcb.eu/wp-content/uploads/2013/12/Fazekas-et-al\\_EU-funds-and-grand-corruption-in-CEE\\_v2\\_2013.pdf](http://www.crcb.eu/wp-content/uploads/2013/12/Fazekas-et-al_EU-funds-and-grand-corruption-in-CEE_v2_2013.pdf)

Transparency International (2019): “Corruption risk of EU funds in Hungary”.

<https://transparency.hu/en/kozszektor/kozbeszerzes/eu-s-forrasok-vedelme/unios-forrasok-korrupcios-kockazata/>

European Parliament (2016): “The Cost of Non-Europe in the area of Organised Crime and Corruption, Annex II – Corruption”.

[http://www.europarl.europa.eu/RegData/etudes/STUD/2016/579319/EPRS\\_STU%282016%29579319\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2016/579319/EPRS_STU%282016%29579319_EN.pdf)

See also Annex 4 to this Supplement.

The author of this Supplement did talk personally with the authors of some of the above studies.

## 1.6 Deficiencies in monitoring and control

There is a widespread discontent with the present system of monitoring and control of EU funding. The following main reasons have been identified for this:

- a) The control of EU funding depends mainly on the general state of the legislative and institutional system of the given country. No matter how good the monitoring and control on EU level might be, they can never substitute a proper national legislative and institutional system.
- b) The national authorities are generally not independent (as already mentioned above). In some countries the authorities allocating the funds and controlling the use of funds belong to the same ministry, i.e. they practically control themselves.
- c) As practice proves, the Commission also has no capacity to control the projects funded by EU funds.
- d) When civil society organisations have raised the problems of corruption and fraud to the European Commission, the Commission's reply was that it is the task of the national authorities and OLAF (European Anti-Fraud Office, an organ of the Commission) to investigate and disclose corruption and misuse related to EU funds. (The author of this Supplement participated in several meetings where this issue was raised.) However, OLAF encounters insurmountable obstacles when it tries to perform these tasks due to the following reasons:
  - OLAF has a capacity to control about 0.1% of the projects. Such a small number of investigations is clearly insufficient to disclose the widespread corruption and misuse of EU funds.
  - OLAF does not have the right to bring a case to court. It has to submit its findings to the national prosecutor's office, which, in quite a number of cases, has no consequences. In some countries, in most cases, even no further investigation takes place.
  - If there is a concrete case where OLAF finds an irregular use of EU money, OLAF has the right to recommend to the Commission that the Commission make the national government repay the sum concerned. However, even if this takes place, it will not affect the further behaviour of the national government concerned, because the sums concerned are very small compared to the total amount of EU funding. The national government (i.e. the taxpayers of the given country) will simply repay to the Commission the sum concerned. Moreover, in most cases, the national governments have the right to use the repaid sum again for other projects. As far as the culprits are concerned, on many occasions none of them are charged with a crime or misdemeanour, so they will live happily ever after with the stolen EU money.
  - OLAF has the right to investigate concrete cases of fraud, but it is not entitled to investigate whether a country's legislative and institutional system has been transformed in a way which makes it easier to use EU funds in a non-eligible manner.
  - OLAF has the right to investigate whether the project was implemented according to the EU rules, but it does not investigate whether the project is an efficient way of spending EU money or whether it was necessary to implement it at all. It also does

not investigate whether a completed project will be even financially sustainable in the coming years (not speaking even about environmental sustainability).

- e) It causes serious concern among many experts and CSOs that the European Commission under President Juncker has not taken the necessary measures even if it is evident that EU money is systematically and widely misused in a country.<sup>17</sup> It has been noted that under President Barroso the Commission has used its powers to suspend EU funding to member countries in cases where it experienced systematic misuse of EU money.<sup>18</sup>
- f) The lack of proper public participation has been one of the main causes of misuse and corrupt use as well as inefficient use of EU money. (See the next point.)

*“Apart from the objective factors, the EC is so far part of the problem as well. Hundreds of millions of EUR has been provided for training, technical assistance and so for, but never ever has the Commission made an adequate assessment of the results.” – Respondent from Bulgaria*

*“Monitoring committees are working mainly in “meta” level, taking note to statistical figures, not commenting individual projects. In addition, nobody has any clue about energy saved or emissions reduced in quantity in these projects; usually the evaluations are only qualitative ones (is this project low carbon or not?).” – Respondent from Finland*

*“I think that conditionalities attached to EU funding has often not been checked very carefully by the EU whether they have reached the target and whether the purpose, which was foreseen was realized. For example, a lot of funds were given for transforming agriculture in the country. Apparently, after decades people in the rural areas have been receiving funds, and they should have changed their agricultural model, effective reform has not been achieved yet, and despite the large amounts of funds that were consumed. This is probably also due to the not proper follow up by the EU of the destination of the funds.” – Respondent from Greece*

*“The representatives of the European Commission in the monitoring committees are often too passive, in many cases they do not criticize even evidently wrong decisions. I don't know how this behaviour of the Commission representatives can be changed.” – Respondent from Slovakia*

*“The European Commission has no power or resources to enforce the proper use of EU funds. – Respondent from Spain*

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<sup>17</sup> There have been quite a number of articles about this problem, for example:

EURACTIV (2018): “The Brief – Juncker’s mysterious ways”. [www.euractiv.com/section/politics/news/the-brief-junckers-mysterious-ways/](http://www.euractiv.com/section/politics/news/the-brief-junckers-mysterious-ways/)

Hungarian Spectrum: The European Commission’s Shameful role in the victory of Fidesz. [hungarianspectrum.org/2018/04/16/the-european-commissions-shameful-role-in-the-victory-of-fidesz/](http://hungarianspectrum.org/2018/04/16/the-european-commissions-shameful-role-in-the-victory-of-fidesz/)

<sup>18</sup> See, for example:

BBC (2008): “EU suspends funding for Bulgaria”. [news.bbc.co.uk/2/hi/europe/7520736.stm](http://news.bbc.co.uk/2/hi/europe/7520736.stm)

Radio Praha (2012): “Fonds Européens: L’union européenne punit la corruption tchèque”. [www.radio.cz/fr/rubrique/faits/fonds-europeens-lunion-europeenne-punit-la-corruption-tcheque](http://www.radio.cz/fr/rubrique/faits/fonds-europeens-lunion-europeenne-punit-la-corruption-tcheque)

Budapest Business Journal (2013): “Suspended EU funds: Hungary could lose €2 billion”. [bbj.hu/economy/suspended-eu-funds-hungary-could-lose-eur2-billion\\_67678](http://bbj.hu/economy/suspended-eu-funds-hungary-could-lose-eur2-billion_67678)



## 1.7 Lack of sufficient public participation

- a) In many Member States the provisions of the European Code of Conduct on Partnership (ECCP) have been implemented only partially or even mostly not implemented.
- b) There has been a lack of necessary conditions for the participation of civil society in the planning, implementation and operation of investments funded with EU money. In many cases, proper information has not been provided by the authorities.
- c) CSOs have often been lacking the capacity to study and analyse huge amounts of documents, and to make appropriate proposals as no financing for them has been provided for this purpose. (This is in clear contradiction with the ECCP which states: *“Effective partnership should be facilitated by helping the relevant partners to strengthen their institutional capacity in view of the preparation and implementation of programmes.”*)
- d) The monitoring committees consist mostly of government representatives, and the comments of CSO representatives have generally not been taken into account. This has often resulted in the fact that the decisions of the monitoring committees were based on politically motivated instructions from high level, and not the best options were chosen.
- e) CSOs could have in principle influenced the decisions by raising public awareness, but their meagre means did not allow them to widely publicize their views e.g. in the media or social media. In several countries, a large part of the media has not been sensitive to climate issues, and there has been a huge lack of professional environmental journalists.
- f) Although information in many cases could be in principle easily accessed by the citizens as they have been available on different governmental websites, this information did not reach most of the citizens. (Citizens have not been watching regularly these websites.) Even if the information did reach some citizens, they had no capacity to proceed further. Many people, especially from rural areas did not even know how to use the information available on the planning and the implementation of projects.
- g) In some states, public participation in the drafting of Partnership Agreements, programming of Operational Programs, and preparation of calls for proposals have been difficult (partly due to the lack of capacities) or even non-existent.
- h) Often there have been opportunities for the local communities to give an opinion on projects which directly affected them. But in many cases these opinions have not been taken into account.
- i) It was often unclear what happened with the submitted public opinions on project proposals. In a lot of cases, they might have been considered but they were not implemented.
- j) In some member states when there was a bigger project, the application conditions were so specific that only one applicant could comply with them.
- k) In some member states, real representatives of CSOs have been purposely excluded from monitoring committees, evidently because they posed a danger to corrupt practices.
- l) The fact that many actors depend on EU money distributed by the national governments is an enormous threat to democracy because, for example, practically no business group would be willing to criticize the government for fear of not receiving public money. In a

number of cases, even experts independent from the government and CSOs fear to criticize the national government due to this reason. (This has been also regularly experienced by the author of this Supplement when he strived to collect responses to the questionnaire and make the interviews.) This situation is also a threat to the environment, because it leads more and more to the elimination of public participation and the access to information, and also because quite often unnecessary and environmentally harmful projects are implemented.

*“NGOs have limited possibilities for direct influence. We are invited to hearings, workshops and alike in the ministries, but in reality, the decisions are made by politicians most often without taking into account the opinion of NGOs.” – Respondent from Denmark*

*“In Estonia, NGOs are invited to seminars where we are told how the money will be spent without any real chance to influence the process. In order to make smart proposals, NGOs should have developed links, networks and experts. In Eastern European countries civil society is generally weak and underdeveloped.” – Respondent from Estonia*

*“Public participation in the drafting of the Partnership Agreement, programming of OPs and preparation of calls for proposals is problematic and illusory in many cases. In particular, the current setup of monitoring committees places a disproportionate burden on the few organisations that are MC members (they have insufficient institutional capacities to deal with all the subject matter and can be marginalised within the MCs by the public administration side). The current system also offers no genuine opportunities to participate to local communities to be affected by projects, local CSOs that are not regularly involved in the monitoring process but might have a legitimate interest in specific local projects, etc.” – Respondent from Poland*

*“It is not so easy to participate, as there is not much information available. We don't know very well how the money is spent, even if it is said that it was spent on environmental issues. I have a strong suspicion that they use the money intended for the environment on other issues.” – Respondent from Portugal*

*“In the past there were several opportunities for the participation of civil society in the EU funds programming and implementation process, but actually the opportunities were reduced significantly, and generally the civil sector is weaker than it should be.” – Respondent from Romania*

*“High-level government officials make all decisions in the agriculture in the end... They take into account only the arguments of the strongest players, who are not nature conservationists, not NGOs, and not small farmers. They are big farmers and big agriculture companies, and everything is shaped according to their short-term financial interests.” – Respondent from Slovenia*

*“...the design of policy and allocation of funds on the local and regional levels are not suitable for the participation of the civil society.” – Respondent from Spain*

## 1.8 Lack of proper indicators

The indicators by which the efficiency of a project, a program, or even the attainment of a national target is measured have been often insufficient, and, in a number of cases, even misleading. Here we give only three examples (several persons with whom the author had personal discussions mentioned such examples).

- a) The European Commission's Guidance Document on Monitoring and Evaluation for the European Cohesion Fund and European Regional Development Fund for the Programming Period 2014-2020<sup>19</sup> recommends as the main indicator of progress "the number of enterprises receiving support" from EU funds. In contradiction to what this indicator is intended to show, the greater the number of enterprises receiving support, the more the market is distorted, the more unpredictable is the business environment and the more the economy is characterised by chaos.
- b) A main indicator of the success of the Europe 2020 Strategy<sup>20</sup> is the following: "3% of the EU's GDP to be invested in research and development (R&D)". Firstly, this indicator does not say anything about the quality of R&D. Secondly, R&D projects today are one of the areas most prone to corruption. For example, in Hungary, in many cases, a large part (in some cases even 90%!) of the EU money allocated for R&D projects have been simply stolen, but at the same time these sums, too, are reported as expenditures for R&D.<sup>21</sup>
- c) Another main indicator of the success of the Europe 2020 Strategy is: "greenhouse gas emissions 20% lower than 1990 levels". However, this indicator does not include GHG emissions "imported" to the EU, i.e. GHG emissions during the production of products and services in countries outside the EU for use in the EU.<sup>22</sup> The UNFCCC standard territorial emission accounting scheme does not include emissions embedded in products and commodities, which would be included in a consumption-based accounting of GHG emissions. If consumption-based accounting would be applied, imports to Europe, e.g. machinery and cars would need to be accounted for. The shortfalls of the territorial accounting can also be blamed for the "outsourcing" of the EU's GHG emissions and potentially contributing and responsible for the increase of these emissions in other parts of the world.

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<sup>19</sup> European Commission (2014): "The programming period 2014 – 2020. Guidance documents on monitoring and evaluation". [ec.europa.eu/regional\\_policy/sources/docoffic/2014/working/wd\\_2014\\_en.pdf](https://ec.europa.eu/regional_policy/sources/docoffic/2014/working/wd_2014_en.pdf)

<sup>20</sup> European Commission: "Europe 2020 strategy". [ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/framework/europe-2020-strategy\\_en](https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/european-semester/framework/europe-2020-strategy_en)

<sup>21</sup> See: Korrupcióinfo (2019): [www.korrupcioinfo.hu/](http://www.korrupcioinfo.hu/)

<sup>22</sup> OECD (2019): "Carbon dioxide emissions embodied in international trade". [www.oecd.org/sti/ind/carbondioxideemissionsembodiedininternationaltrade.htm](http://www.oecd.org/sti/ind/carbondioxideemissionsembodiedininternationaltrade.htm)

*“Another big problem we encountered has been the highly questionable EU guide on cost-benefit analysis ([https://ec.europa.eu/inea/sites/inea/files/cba\\_guide\\_cohesion\\_policy.pdf](https://ec.europa.eu/inea/sites/inea/files/cba_guide_cohesion_policy.pdf)). Namely, including “time savings” as a benefit completely distorts the results of CBA of transport investments. For example, in the most recent Budapest SUMP (Sustainable Urban Mobility Plan) it is written that “time savings” calculated according to the official ITOP CBA guide generally constitute 90% of the benefits of the planned project. Environmental sustainability level is represented only in part of the remaining 10%! However, it is a well-established fact that new transport investments do not reduce total travel time. People on average spend the same amount of time for transport all over the world (about 1.1 hours daily). New transport infrastructure result in people traveling longer distances (and the same is true for freight transport). If this erroneous factor would be removed from the CBA, practically no major road infrastructure investments would be qualified for implementation.” – Respondent from Hungary*

*“Horizontal principles are designed relatively well at EU level, but they are badly designed and/or implemented on Slovak level. At EU level it is clearly said that the horizontal principle of sustainable development should be a priority. If we look at the Slovak horizontal principle of sustainable development, it is written that the horizontal principle has three equal levels: social, economic, and environmental. And this makes it very complicated and practically uncontrollable, because any project might be positive either from social, or from economical, or from environmental point of view. Therefore, there is no control in practice. And no conditionality, because you include all requirements. If you say that the horizontal principle for sustainable development includes social, economic and environmental targets, and you need to fulfil at least one of these targets, then of course you will fulfil it with almost any project. This is a practical example how this implementation of this principle should not be designed.” – Respondent from Slovenia*

## 1.9 Lack of efficient communication by the European Commission

There is an enormous lack of literacy among citizens about the aims and functioning of the European Union, including also the aims of EU funding and its relation to climate protection. This is often misused by national governments which blame “Brussels” for the mistakes or unpopular measures they themselves make. However, even if the Commission reacts to a falsification relating to its aims and actions<sup>23</sup>, this reaction has almost no chances of reaching the wider public.

*“I am not sure whether people actually understand and appreciate what is being done by the EU for the Member States. People need to know better what the EU is doing for them, therefore I think that part of the money needs to be channelled there.” – Respondent from Greece*

*“Many of us are already tired of turning “Brussels” into a punching bag for populist politicians. It is high time that the EU stands up for itself and also for its values, because no community of any kind can be successful without holding to common values.*

*Of course in a strong democracy citizens need to make well informed decisions, and when it comes to the functioning of the EU, the role of national and European decision makers, and particularly to specific European decisions in areas from food security to energy performance of buildings or youth unemployment, people today are surprisingly ill informed.*

<sup>23</sup> See, for example:

European Commission (2019): Facts matter: European Commission responds to Hungarian government campaign. [https://ec.europa.eu/commission/publications/european-commission-responds-hungarian-government-campaign\\_en](https://ec.europa.eu/commission/publications/european-commission-responds-hungarian-government-campaign_en)

European Commission (2017): “Stop Brussels”: European Commission responds to Hungarian national consultation. [https://ec.europa.eu/commission/publications/stop-brussels-european-commission-responds-hungarian-national-consultation\\_en](https://ec.europa.eu/commission/publications/stop-brussels-european-commission-responds-hungarian-national-consultation_en)

*Especially if it lies in the interest of national governments to keep it that way. Otherwise it would be hard to carry out national consultations when false claims such as: “Hungary is committed to reducing taxes. Brussels is attacking our country on this” are being made. If you are not aware: tax rules are unanimously decided in the EU, with the consent of each Member State. The EU would be doing itself a big favour if the future budget also supported programmes to improve the ‘EU literacy’ of the people.”* (Excerpt from the article “How could we use the EU budget to strengthen democracy?”<sup>24</sup> written by one of the respondents, representing an international organisation in Central and Eastern European member states)

## 1.10 Practical financial problems relating to the use of EU funds

- a) Requirements for partial own funding have often been an obstacle in the cases where funding was for a social good as many applicants could not provide own funding.
- b) In some cases, slow and untimely payments from the funds to the project implementers has caused them financial problems.

*“One big disadvantage is in our LIFE Project, which is the main source for nature conservation projects. You need to provide co-funding, which is a problem for NGOs. On the other side, this co-funding in agriculture subsidies is not very large, in fact, farmers don’t need to provide any co-funding. This is one of the problems. Why only nature conservation has to provide co-funding?”*  
– Respondent from Slovenia

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<sup>24</sup> openDemocracy (2017): How could we use the EU budget to strengthen democracy? [www.opendemocracy.net/en/can-europe-make-it/how-could-we-use-eu-budget-to-strengthen-democracy/](https://www.opendemocracy.net/en/can-europe-make-it/how-could-we-use-eu-budget-to-strengthen-democracy/)

## 2 Priorities and recommendations for future EU funding

From the responses to the questionnaire and interviews as well as personal discussions with experts have offered the following proposals have emerged for improving EU funding in the next MFF (2021-2027). Probably the most important conclusion that could be drawn from the responses to the is the following: The EU budget can effectively serve the implementation of climate and environmental goals only if certain general conditions (pertaining not only to climate and environment) on national level are fulfilled.

### 2.1 Strict enabling conditions

- a) **Strict conditionalities (enabling conditions) must be set for EU funding.** The enabling conditions must be robust, precise, clearly controllable, and in full conformity with the EU's aims.
- b) According to the overwhelming majority of the respondents, EU funding must not be provided to governments which do not fulfil the enabling conditions. If the enabling conditions are violated at any time during the financial period, EU funding must be suspended immediately.<sup>25</sup> This is absolutely necessary to avoid further aggravation of the problem. Quite a number of respondents stated that tolerating the violation of EU rules undermines the very foundations of the EU. In the longer term, this would have much graver consequences for the local communities than the suspension of EU funding.
- c) The European Commission must continuously monitor the fulfilment of the enabling conditions.

*"It depends on the degree, but the EU should definitely have sanctions otherwise it would not function. If there are no sanctions, countries will breach the laws by saying they would be more productive and competitive if they do." – Respondent from Denmark*

*"There should be sanctions in a form of reimbursement of funds to the EU, if the impact was not achieved. You should look for the benefit of the EU funding, but you should also be responsible for making it work. The general policy of the government should be in line with the EU targets and strategy. The EU legislation should be transposed by each and every member state. EU funding should go along with legislation and its enforcement." – Respondent from Greece*

*"If the Commission tolerates the breaching of the conditionalities then this sends a terrible message to EU citizens, namely, the message that the rule of law does not prevail in the EU, and those who violate laws and contracts can get away with their misdeeds. Such an attitude by the Commission undermines the foundations of the European Union." – Respondent from Hungary*

*"Probably all [funding should be suspended], because if a national government decides it doesn't care about climate reduction activities at all, then under extreme circumstances they might decide to let go the specific funding all together. However, if it impacts funding for other areas as well, it directly impacts the areas that they do care about, which would be politically suicidal. However, it would be rather extreme approach, but perhaps it might be needed if we are serious about climate change." – Respondent from Latvia*

<sup>25</sup> EU legislation even today enables the Commission to suspend funding to any Member State that seriously violates the conditionalities of EU funding (see footnote 20). The new Common Provisions Regulation proposed by the Commission would strengthen this power of the Commission. The big question is whether the Commission will use this power if its proposal will be adopted.



*“Enforcement of the legislation and of the commitments is a basic pillar that the EU is standing on. So continuing funding for countries, especially net beneficiaries, which are not fulfilling basic democratic criteria, means that the EU is undermining itself. ... If the country has agreed to implement a certain reform program and it is not delivering, there is no reason why the EU should keep continuing to fund the country.” – Respondent from Slovakia*

*“I think the EU should have more power to be able to sanction those, who do not spend properly the money of the EU taxpayers. ... The only way to fulfil the aims of the EU budget is to implement proper sanctions and to exclude from funding those administrations and governments which violate the EU rules. Fines are not sufficient, the suspension of funding is necessary.” – Respondent from Spain*

## 2.2 The most important enabling conditions

From the replies of the respondents, it can be concluded that the most important enabling conditions for receiving EU money, should be the following:

- a) The National Energy and Climate Plan (NECP) must be in line with the Paris Agreement objectives and it should be continuously implemented.
- b) An appropriate Partnership Agreement (PA) must be signed and continuously implemented.
- c) Appropriate National Reform Programmes (NRPs) must be submitted to the Commission and it should be continuously implemented.
- d) The Country-specific Recommendations must be implemented.
- e) The zero tolerance attitude towards fraud and corruption must be enforced. (This should mean that call of the European Parliament<sup>26</sup> for measures “to be implemented right across the spectrum of EU policies, and for action not just in response to cases of fraud but also to prevent them” must be put into practice. It should be required that the governments receiving EU funds implement all possible best practice measures within a reasonable time to reduce corruption and other malfeasances. To this end the Commission should prepare a guidance for national governments based on, among others, the recommendations of GRECO<sup>27</sup>, Transparency International and the People’s Budget Campaign.<sup>28</sup>)
- f) The Member State must join the European Public Prosecutor’s Office.

<sup>26</sup> European Parliament (2016): “P8\_TA(2016)0071”. <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+P8-TA-2016-0071+0+DOC+PDF+V0//EN>

<sup>27</sup> The Group of States against Corruption (GRECO) was established in 1999 by the Council of Europe to monitor States’ compliance with the organisation’s anti-corruption standards: <https://www.coe.int/en/web/greco>

<sup>28</sup> People’s Budget (2017): “The EU budget should strengthen common European values in Europe and globally. It should, amongst other things: ● Introduce regular independent assessments of the rule of law in all MSs coupled with potential financial incentives and the requirement of corrective measures within the MFF planning framework, which can ensure the deployment of EU funds in line with European values and the right enabling environment for efficient investment. ● Set up a new internal funding instrument for enhancing democracy and protecting civil space in the MSs, which can safeguard European values and fundamental freedoms throughout Europe, support European citizens’ engagement in building the future of Europe and can also react to unfavourable trends in the erosion of European values, upon which the EU is founded.” <https://www.peoplesbudget.eu/position-on-the-post-2020-mff/>

- g) Discretionary funding (i.e. funding decided by individual choice or judgment in public offices) to enterprises must be drastically reduced. Such funding should be provided almost exclusively to enterprises performing public services.
- h) Higher co-financing by member state should be a requirement as this would result in more responsible use of EU money. This does not mean that funding for projects that cannot be financed by the market (e.g. biodiversity conservation) should not receive up to 100% financial support; however, a substantial part of such financing must be provided by the national, regional or local government.
- i) It must be proved that there will be sufficient financial resources for operation and maintenance during a certain number of years after the completion of the project concerned.
- j) If EU money is misused, and the government has to repay it, then the same government should not receive it even for other purposes.
- k) An environmental lawyer whom the author of this Supplement contacted in relation to the MFF, told about the “principle of non-retrogression” that has been promoted in various instances concerning human rights and the environment.<sup>29</sup> This principle means that no measures should be taken that downgrade or limit existing levels of the right to education, health, environment, etc. He proposed that this principle should be applied when determining whether a Member State is entitled to receive EU funding. This can be deducted, among others, from the Treaty of Accession, in which all EU Member States declared: “Our common wish is to make Europe a continent of democracy, freedom, peace and progress. The Union will remain determined to avoid new dividing lines in Europe and to promote stability and prosperity within and beyond the new borders of the Union. We are looking forward to working together in our joint endeavour to accomplish these goals.” This should mean that all Member States will improve their legislative and institutional systems as much as possible in order to achieve these goals, but at least they will refrain from any backward measures. Therefore, it must be stipulated that each Member State repeal all legislative and institutional measures adopted by that Member State since its accession to the EU that contradict the principle of non-retrogression as far as “working together in our joint endeavour to accomplish these goals” is concerned.
- l) The European Code of Conduct on Partnership must be fully implemented (see also the next point).

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<sup>29</sup> For example, in the „Compilation of general comments and general recommendations adopted by human rights treaty bodies” by the UN International Human Rights Instruments,  
<http://docstore.ohchr.org/SelfServices/FilesHandler.ashx?enc=FhOD6sgggzAhFXD9F%2FeKaEJl2%2FxgoMstRAco6nVCah8PhMDaNiB9RVBuYs9GZRdtbycJ1EflzvEt8Me0qBcWlnctXr30lwWHs4fSJ9pqR7B87M49%2BFfrOnBLI6HtUrsL>



*“Experience has shown that the most efficient and effective way to fund climate and environmental change is through performance-based incentive funding, i.e. the Member States must match an important part of the finance that is needed in order to acquire EU funding + EU funds are provided on the basis of progress/performance.” – Respondent from Belgium*

*“I think increasing the share of co-financing is essential, although the official position of countries like Bulgaria is against increasing of co-financing. However, it would make public institutions much more cautious about how to spend EU funding. ... Conditionalities are important, as they might play a crucial role in making local authorities more focused on their way of spending of EU money. Decision-makers are less likely to support this, but it will make them more cautious and aware that this funding is not coming as granted and it should be used according certain criteria. ... To my mind one of the issues here is conditionalities concerning the rule of law. At the moment this topic is not as important in Bulgaria as in Hungary and Poland, but I think conditionalities should be used, otherwise local decision-makers will not be so apt to fulfil their obligations to the European institutions.” – Respondent 1 from Bulgaria*

*“Setting conditionalities is not enough – they must be also fulfilled.” – Respondent 2 from Bulgaria*

*“I think that conditionalities are really useful. For example, in terms of strategic planning they have kind of forced the ministries to prepare their strategic plans for areas for which such plans did not exist earlier. ... One the conditionalities certainly should be the NECPs. Conditionalities shouldn't just be a matter of discussion between the European Commission and the national governments, but other stakeholders should be actually included in it as well. They should also have their say as to whether conditionalities have been fulfilled or not.” – Respondent from the Czech Republic*

*“It depends on the degree, but the EU should definitely have sanctions otherwise it would not function. If there are no sanctions, countries will breach the laws by saying they would be more productive and competitive if they do.” – Respondent from Denmark*

*“It is absolutely necessary to cut the blind funding I described above. In a number of cases it is causing more damage than good.” – Respondent from Estonia*

*“EU funding should go along with legislation and its enforcement.” – Respondent from Greece*

*“The rule of law must be one of the main conditionalities. There should be strong anti-corruption mechanisms in place in the country receiving EU funding. ... The laws are obligatory for everyone. If a government does not abide by the laws, it should not be financed.” – Respondent 1 from Hungary*

*“We should arrange an agreement, first of all, among all the member countries, because it is not only EU money that should provide financing for the climate; national budgets should also give priority to financing environmental issues in order to avoid a catastrophe.” – Respondent 2 from Hungary*

*“Funding should be immediately suspended! Immediately! That would be a very important learning process for those who violate the rules of law. If there are only promises that the next time we will investigate, but the investigation lasts several years, the investigation itself loses its credibility. Then the government would say, okay, no problem, and they continue, and the situation will further deteriorate.” – Respondent 3 from Hungary*

*“Funds should be made available in accordance with comprehensive climate action plans of the member states. Such plans should be based on the evaluation of former spending programs and the general climate policy of the governments. ... There should be strict environmental and climate conditionalities as well as conditionalities for transparency not only related to EU funded projects but for the country as a whole in order to receive EU funding. National policies should not contradict the aims of EU funding. ... The EU should behave like a serious body. If conditionalities are set, they should be enforced. Letting the climate funds leak in an uncontrolled way would be against the interests of climate protection, and against the interests of Hungary.” – Respondent 4 from Hungary*

*“First of all, the general institutional and legislative system should be transformed. Namely, EU funds will never be used prudently and without corruption, if the whole institutional and legislative system of the country has been created in a way that promotes corruption.” – Respondent 5 from Hungary*

*“Hungary should be required to join the European Public Prosecutor’s Office. In this way, EU grant-related corruption could be partially suppressed.” – Respondent 6 from Hungary*

*“Appropriate conditionalities could be: setting more ambitious renewable energy proportion target; ensuring that local policies reflect the striving towards these aims (tax and other instruments); ensuring that no conflicting policies/priorities exist (like investing in fossil gas infrastructure at the same time as striving to reduce GHG emissions). In general, if EU funding is given towards a specific goal (which reflects EU goal), then country must prove that is prioritizing the specific cause as well and not be implementing opposing activities.” – Respondent from Latvia*

*“There should be a check-list, which would reflect the most serious global threats or challenges we have in the EU. And this check-list should be part of the partnership agreement. For example, there should be such a sentence: “Spending EU funds through public procurement must comply with the guidelines for Green Public Procurement”. This simple sentence could do really a big change, because now it is recommended that EU funds are used with Green Public Procurement, but this is not compulsory. It is not written either, how this should be implemented. As far as I know, EU funding has been very rarely allocated in accordance with Green Public Procurement, because this is voluntary.” – Respondent from Slovakia*

## 2.3 Enhancing public participation

- a) The composition of the monitoring committees must be balanced: the share of government representatives should not exceed one-third; the rest should consist of representatives of CSOs, business organisations and scientific institutions, elected democratically by these organisations.
- b) The necessary funding must be ensured for CSOs in order to make them capable of meaningfully participate in the monitoring committees and other processes relating to EU funding. “Effective partnership should be facilitated by helping the relevant partners to strengthen their institutional capacity in view of the preparation and implementation of programmes.” (ECCP)
- c) Access to documents and data concerning the environment must be possible for CSOs at a reasonable cost.
- d) More help should be provided to the population in clarifying the aims of and processes relating to EU funding.

*“That is the matter of democracy – the matter of proper and honest involvement of civil society organisations. This the only guarantee against the frankpledge of the all level bureaucracy from local governments up to the European Commission.” – Respondent from Estonia*

*“We need strong partnership regulations to keep NGOs in preparation and monitoring. ... We need technical assistance money to keep basic monitoring work running in Member States.” – Respondent from Finland*

*“Mandatory participation of recognised environmental associations in all programming processes and in the development of the partnership agreement.” – Respondent from Germany*

*“It is absolutely necessary to “professionalize” members of the monitoring committees, who are not representatives of the state, because we lack capacity to be present and absolutely no capacity to study the materials provided by the government and to communicate with stakeholders. I should represent NGOs and normally I would communicate with NGOs, which are interested in all those issues, but if there is no money and we should run other projects, then this is absolutely unrealistic. In this case, the partnership principle is just the words, and it will never work in practice if we will not balance the capacities, finances and access to information; those 3 points should be equal for all members of the monitoring committees and other committees, which are dealing with EU funds.” – Respondent from Slovakia*

*“...partnership and public participation mechanisms should be strengthened, with more public involvement in the implementation of OPs and preparation of calls for proposals – our experience shows that this could provide a stimulus for climate-friendly projects and ensure better compliance with EU environmental rules and climate policies.” – Respondent from Poland*

## 2.4 Better indicators

The indicators on which the Member States' performance is assessed should be substantially improved.

- a) Further well measurable indicators showing the progress on national level should also be applied (for example, the Innovation Union Scoreboard, the results of OECD's PISA, the change in the GINI Index, and the change in healthy life years). It is much more important to have indicators on national level than for projects financed by the EU.
- b) The indicators should be as SMART (specific, measurable, attainable, realistic and timely) as possible.
- c) In cases where no concrete indicators can be worked out, it should be required that the Member State apply the best practice possible (e.g. concerning legislative and institutional measures to combat corruption and tax fraud).
- d) The indicators (priorities) must be worked out in a transparent process, involving all stakeholders, and providing for these stakeholders the necessary means for meaningful participation, in accordance with the European Code of Conduct on Partnership.

*"We need strong criteria and indicators, ex ante and mid evaluations."* – Respondent from Finland

*"There should be also reconstruction of the Horizontal principle for sustainable development with precise description, compulsory implementation, good indicators & monitoring process. This horizontal principle exists, but it is very wrongly designed, at least in Slovakia. The decisions concerning this horizontal principle are taken just by state representatives, which means that although we are in the monitoring committee, we have no vote to decide on some changes. So, the design should be improved. Furthermore, it is not implemented well, or I would say it is even non-implemented."* – Respondent from Slovakia

*"Quite some efforts are already given to the control of the use of EU funding. Maybe the most important would be the development of some well-designed indicators that would be really objective, because if you don't design these indicators independently then certain interest groups try to influence and make the indicators which are not objective, but show some reality which is not realistic, and serve only their interests. ... 333The European Union should put more effort in making really good indicators."* – Respondent from Slovenia

## 2.5 Increasing the controlling capacity of the Commission and putting project control under the Commission

- a) The Commission must have the capacity to perform up-to-date control on how Member States fulfil their national commitments in all policy areas.
- b) The national organs controlling EU-funded project must be put under direct supervision of the Commission.

*"There should be more stringent control from the EU institutions as the Bulgarian judicial system does not work properly towards corruption with EU funding."* – Respondent 1 from Bulgaria

*"In my opinion the monitoring of the use of EU funds could be increased, it would make sense if there will be a combined national and EU level monitoring, but it will hardly be accepted by politicians who will oppose an intensive control on behalf of EU institutions, more control than right now. But I think that this kind of cooperation could increase the added value of EU projects, since beneficiaries will be aware that such a control is much more far reaching than the one of the national institutions and they are supposed to be much more concentrated on the quality of the works funded by the EU."* – Respondent 2 from Bulgaria

*"Also, the Commission needs resources to check national programmes. Nowadays they don't have any more enough staff to do it properly. In some cases, in e.g. DG ENV most desk officers are responsible for many countries. In some units there is nobody who can read e.g. Finnish, so they must work by google translators. In addition, foreign desk officers lack "tacit knowledge" and know-how about national situation and specialities."* – Respondent from Finland

*"Independent institutions must control the use of EU money, and sufficient capacity must be ensured for this. Civil society organisations and the independent media (especially investigative journalism) should be greatly strengthened."* – Respondent 1 from Hungary

*"The EU should control much more directly the spending of this money. I would really curtail and seriously limit the so-called national competences. It is European money, EU taxpayer's money, it is not the Hungarian taxpayers' money, it is German taxpayers' money, it is Dutch taxpayers' money, etc. We have one basket which is distributed according to the goals of the EU."* – Respondent 2 from Hungary

*"All spending should be strictly monitored by players independent from the Hungarian government and Parliament, and violation of the rules should be penalized. Without these measures, the EU climate funds would serve on as a source of free money for the friends of the Government."* – Respondent 3 from Hungary

*“There are special programs, which were controlled directly by the Swiss and Norwegian funds. This kind of method could be applied by EU.” – Respondent 4 from Hungary*

*“EU level should have closer supervision on national programmes, since this is where deviations can be built in to serve certain lobbyists.” – Respondent from Latvia*

*“First of all, the Commission should continue to be responsible for approving major projects. Its services should handle environmental complaints concerning EU-funded projects faster and with more resolve. An independent review/complaints mechanism should be established whereby affected parties could challenge the Managing Authority’s decisions on social, climate or environmental grounds.” – Respondent from Poland*

*“I think that the Commission representatives should have a right of veto or something similar [in the monitoring committees]. Their voice should be very strong, at least much stronger than it is now (we are spending the money of EU taxpayers), and second, they should be in much more active position to different stakeholders, to understand opposing proposals, to understand what is the problem, to understand what is the possibility for solution. Not just formally coming to the monitoring committee, sitting there, listening, saying something, but not very important and then going home. They also need to communicate with non-governmental stakeholders to understand what is the problem on the table. – Respondent from Slovakia*

*“Stronger control of implementation by third parties, EU representatives would be beneficial. For instance, a random selection of EU funded projects that would then be monitored/visited on the field/terrain could be an interesting approach. Increased paperwork etc for monitoring would properly not bring the desired outcome.” – Respondent from Slovenia*

## 2.6 Better communication by the Commission

The Commission should have more financial and other means to communicate its viewpoint. It must have the possibility to reach citizens with its messages clarifying the aims and activities of the EU. It must not let national governments get away with unjustly accusing the EU in order to make the EU seem responsible for the mistakes or misdeeds these governments committed.

*“Apart from asking the citizens, better efforts should be made to reach the everyday citizen in regard to how the money is allocated in each period. This is an effort that the EU should make, in plain words and plain pictures, but if the everyday citizen knew exactly where they money went, I think the EU projects and vision as a whole would be more successful.” – Respondent from Greece*

*“The public has very limited information of what EU money is doing for us. It is surprising for me that there are strong voices against EU, against EU funds, etc. and there is the belief that EU funding is only to support political parties, corruption, ministries and so on. This is true, but only partially. The other side is that from EU money were created many-many good and useful things, environmental projects and so on, but this is not communicated well. For sure, this communication should be not in the hands of Member States, of national governments, this should be a governance by the European Commission and representatives Member States together; so, there should be some capacities for doing this work, really looking and finding good practice, good projects and have the budget for communicating well in the national media. It would be normal that if you have this communication campaign designed well, then there should be really no inhabitant in any Member State, who will be saying that EU is just negative for us. This will be an indicator for us of how good it is designed.” – Respondent from Slovakia*



## 2.7 Another way of implementing the subsidiarity principle

An interesting proposal was made by one of the interviewees, a university professor of economics who has written several publications on EU funding and has ample practical experience of the use of EU money in national circumstances. He proposes that the European institutions should have the right to make decision only about funding programs and projects which have European/international dimensions (common defence, migration, international research programs, Erasmus, international cooperation of NGOs, LIFE, etc.). At same time, the EU should give all EU money, destined for national purposes, directly to the national governments without any requirements for the precise use of these funds, i.e. each national government should decide that for itself. There should not be any operational programs and projects which would be approved by the European Commission. The Commission should control only whether the commitments in the NECP, PA, NRP, CSR are fulfilled on national level, and immediately suspend funding to the national government if these are not fulfilled. (In the opinion of the author of this Supplement, although it is doubtful that this proposal could be implemented for the next MFF, but it might be useful if the MFF process would move in this direction.)

*"I have argued many times regarding EU subsidies that they should only be used to reduce government debt. Not only Hungary, but all Eastern European countries would have benefitted from such a solution. They would have revised their budgets, there would be no government deficit, government debt would have been significantly reduced, the SME sector would be able to develop better than it is now, there would be much less cheating, corruption and market distortion than there is now. It could have initiated an upward spiral. Naturally, there should be strict conditions for such subsidies, too. ... By resolving the disgraceful issues around EU grants, the European Commission can demonstrate that it is capable of shifting its paradigm. The essence of this shift would be that the provision of EU funds become strictly linked to the ability of the recipient country to make its political-economic institutional system more 'inclusive', to a predetermined extent within a specified timeframe (i.e. moving up on the competitiveness lists, improving the corruption index, reducing CDS prices, etc.) This paradigm shift in the efficiency of the European Union, the strengthening of its internal cohesion and effective climate protection, would be greatly aided if states were to receive a lump sum from the EU entirely dedicated to reducing government debt, instead of the wasteful tendering allocations that reinforce the 'extractive' nature of the economic system, the riskiness of which even jeopardises access to EU funds. – Respondent from Hungary*

### Proposals specific for the climate and environment

- a) As far as climate is concerned, a state of emergency exists, therefore much more funding should be provided for climate mitigation and adaptation.
- b) There should be no funding for projects or measures harmful for the climate and environment. This means, among others, that no EU funding should be provided for the construction or renewal of motorways and other roads and for the development of airports. These costs must be fully covered in accordance with "the user/polluter pays" principle. Neither should there be funding for agricultural purposes which do not contribute to the EU's climate and environmental goals.
- c) There should be no EU funding for nuclear energy and nuclear energy research. (Funding for such purposes must be paid by the users.)

- d) Much more funding is necessary for raising public awareness as this is a key to the transition to a climate-friendly economy.
- e) Proper environmental risk assessment and impact studies with strict criteria must be required for bigger projects before their adoption and several years after their end.
- f) Environmental monitoring of projects must take place a few years after they end.
- g) Low-interest loans should be provided for energy efficiency instead of direct funding.
- h) More funding should be allocated to regions which need to deeply change their economies as part of the decarbonisation process.
- i) Investment into circular economy should take place not only through infrastructure, but also soft measures.
- j) More funding is needed for training the working force for the market transition to decarbonisation.
- k) More investment needed in railways and intermodal projects.
- l) More support is necessary for renewables (solar, wind, etc.).
- m) More funding is needed for climate science and research.
- n) More support is necessary for integrated approaches and complex air quality measures.
- o) Projects for sustainable urban mobility should be connected (e.g. a whole bike path system, not only separate lanes).
- p) Support should be available for the development of sustainable food supply chains and direct distribution of food from local farms.
- q) Measures should be financed to combat desertification in Southern regions.

*"No funding for any fossil & nuclear projects anymore."* – Respondent from Austria

*"The funding priorities should be clearly towards zero-carbon energy options; e.g. funding for natural gas should be excluded."* – Respondent from Cyprus

*"At least 30 % of total EU expenditure, 40 % of ERDF projects and 50 % of Cohesion Fund projects must contribute to the achievement of both climate and biodiversity objectives. The remaining projects must not have negative environmental, health or climate impacts."* – Respondent from Germany

*"In my opinion, the most efficient use of EU funds for the climate would be financing education, awareness raising, health care, social investment, including woman and child protection as well as independent NGOs. Unfortunately, very little money has been spent on these purposes. Local developments in these areas are very important. ... Much more money for social aims, women, civil society organisations, education, health, awareness raising etc. and much less for physical infrastructure, except for housing, connected with special social programs for those living in very poor circumstances, and for homeless or vulnerable people. Only those projects should be financed, for which the costs of long-term operation and maintenance can be covered, too. The raising of salaries of people working in education and health care should also be considered as development eligible for EU financing, because if highly qualified people stop working in these areas (and this often happens nowadays), all other investments there will become useless."* – Respondent 1 from Hungary

*“All the first pillar payments are economically, socially and environmentally harmful, there is no real reason to spend this money. I don’t think we need more funding, just the opposite: we need much less public funding in agriculture.” – Respondent 2 from Hungary*

*“In order to achieve the EU’s environmental and climate targets in transport, in my opinion, financing should be mainstreamed first of all to the following fields:*

*... In order to achieve a breakthrough in the process towards sustainable transport, the most important (and most difficult) task is to change the mindset of people. The present situation is characterised by the overwhelming dominance of the promotion of car culture and consumption society: in the media, social media, advertisements, speeches of politicians, etc. this culture is continuously presented as something very positive which must be continued. Supporting all this is the enormous power of the related industry. (For example, the media is dependent, to a large extent, on advertisements by car and oil companies.) On the other hand, the voices of those promoting sustainable transport systems are extremely weak due to the lack of resources. For example, in Hungary, a few hundred thousand Euros are spent each year to promote sustainable transport modes, while a thousand times more is spent just on advertising cars. This is like trying to extinguish a forest fire with a glass of water. ...*

*Transformation of the institutional and legal system. ...*

*Overcompensation for raising taxes and fees on environmentally harmful transport modes. Environmentally harmful transport modes are heavily subsidized. For example, a common study ([https://www.levego.hu/site/assets/files/5819/social\\_balance\\_transport\\_hungary\\_20110131.pdf](https://www.levego.hu/site/assets/files/5819/social_balance_transport_hungary_20110131.pdf)) by the Institute for Transport Sciences (Budapest) and CAAG, published in 2011, came to the conclusion that road transport in Hungary each year receives a state subsidy equalling to 7 to 13 percent of the GDP. A study ([https://ec.europa.eu/transport/themes/sustainable-transport/internalisation-transport-external-costs\\_en](https://ec.europa.eu/transport/themes/sustainable-transport/internalisation-transport-external-costs_en)) published recently by the European Commission shows that road transport is heavily subsidised all over Europe. No subsidy for sustainable transport modes will ever be able to compete with such an enormous subsidy. Therefore, it is absolutely necessary to remove this subsidy as soon as possible. As this would mean a drastic increase in the prices of road transport, such a measure can be implemented only with appropriate compensation. (There are excellent best practice examples for such measures in a range of countries, see, for example: <http://www.imf.org/external/pubs/ft/wp/2011/wp11167.pdf>, <https://www.cambridge.org/core/books/politics-of-fossil-fuel-subsidies-and-their-reform/fossil-fuel-subsidy-reform-in-indonesia/69E6706F3ABFB80052B20E3772404138/core-reader>, <https://www.imf.org/external/hp/pp/eng/2013/012813a.pdf>). In view of the magnitude of the increase, simple compensation (i.e. just returning the revenue from the increased taxes and fees) will certainly not be sufficient to avoid political unrest: therefore, overcompensation is necessary.” – Respondent from Hungary*

*In the case of agriculture, farms that receive direct payments or investment aid must prove that public money has helped to fertile (enrich) the soil, reduce air and water pollution. – Respondent from Latvia*

*“It is really weird to see that fossil fuel projects are supported with public money. One of the first things we need to cut is subsidies in any form for the use of fossil fuels – not only from EU money, but all public money. At the same time, we have to put more funding into energy efficiency, renewables, smart networks and research & development in these areas.” – Respondent 1 from Slovakia*

*“I find as very important implementation at EU level of binding economic tools as carbon tax or green public procurement, which will motivate any person, any politician, any officer, any EU citizen or visitor to think and act climate-friendly. This is the most effective way how to reach the aim not too late.” – Respondent 2 from Slovakia*

*“The most important is that European money that goes to agriculture should be paid for the public benefit. No money should be paid for intensive farming, only for the farming which provides public goods. Public funding for agriculture should be provided only for organic farming, environmentally friendly farming which is nature conservation compatible. Public money must be used for public goods, and not for some large companies which are just making profits out of the subsidies.” – Respondent from Slovenia*



## **Annexes**

1. Questionnaire on Climate Change and the use of EU's Budget in Member States sent to civil society organisations (6 pages)
2. Responses to the Questionnaire (244 pages)
3. Quotations from highly qualified, pro-European Hungarians about EU funding to Hungary (5 pages)

# **Annex 1**

## **to the Supplement to the Synthesis Report**

### **“Climate Change and the EU Budget 2021-2027”**

Questions on Climate Change and the use of EU's Budget in Member States



## **Climate Change and the EU's Budget 2021-2027**

### **Questions on how EU funding could help ensure effective climate protection**

The EU budget (known as the Multiannual Financial Framework, MFF) is the EU's main instrument for investments, which is crucial for many sectors of the EU economy, such as energy, transport, housing, resource use or the farming sector.

Preparations for the EU budget post-2020 are underway, whereby we would like to consult you on the implementation of the current MFF (2014-2020) and your suggestions for the next one (2021-2027) in order to have some feedback from the civil society and to plan our advocacy work accordingly.

**Understanding your national experiences and aspirations for EU funding to address climate change will be invaluable to help us develop targeted recommendations for improving the EU funds and their implementation.** The more responses we get the stronger will be our voice calling for change. Please fill in the questionnaire below, and send it to [mff@eeb.org](mailto:mff@eeb.org) and [mff@levego.hu](mailto:mff@levego.hu), ideally by 15 January 2018, but responses throughout January will be integrated. Please read all questions before beginning to reply. Please provide references to your reply where possible. If there are some questions that you cannot answer, you are welcome to skip them. Partial responses are also valuable.

You may respond the questions also by giving an interview on Skype. In this case please send an e-mail to [mff@levego.hu](mailto:mff@levego.hu).

Your e-mail address and phone number will be kept confidential.

Your name and/or the name of your organisation/institution will be kept confidential unless you give us permission to disclose them.

#### **Part A: About You**

Your name:	
The name of your organisation/institution:	
Your country:	
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	Yes / No
I agree that my replies be published with the name of my organisation.	Yes / No
Place and date:	

## Questions on Climate Change and the use of EU's Budget in Member States

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

Your role at the EU level:

### Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion				
Energy efficiency				
Clean mobility				
Green technologies				
Sustainable agriculture				
Biodiversity				
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Low value-for-money: poor practice:

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

8. To what extent is **EU funds spending in your country part of an overarching national climate protection** strategy and framework, what role does it play within national climate funding and did it help?

**Part C: Planning future climate funding**

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

- A: Yes, setting conditionalities is essential:  
B: Yes, conditionalities are important:  
C: Yes, conditionalities would be useful, but not essential:  
D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

- A: Yes  
B: No  
C: Don't know/undecided

Please add your reasoning for your choice.

15. Do you have **any other comment** on future EU climate funding in your country?

**Thank you for your collaboration!**

[Green Budget Europe](#) (GBE) and the [European Environmental Bureau](#) (EEB), in collaboration with three partner organisations – [Climate Action Network Europe](#) (CAN Europe), [Green Budget Germany](#) (GBG) and [Clean Air Action Group](#) (CAAG, Hungary) – is carrying out the project “MFF for the Climate” with the aim to compile proposals for EU decision-makers for making the [next Multiannual Financial Framework](#) (MFF) climate-friendly. The project is financed by the [German Climate Initiative \(EUKI\)](#). The [European Climate Foundation](#) and the [Heinrich Böll Foundation](#) have provided some co-funding.

Supported by:



Federal Ministry  
for the Environment, Nature Conservation  
and Nuclear Safety



European  
Climate Initiative  
EUKI

based on a decision of the German Bundestag

*The European Climate Initiative (EUKI) is a project financing instrument by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU). Its implementation is supported by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. It is the overarching goal of the EUKI to foster climate cooperation within the European Union (EU) in order to mitigate greenhouse gas emissions.*

*Disclaimer: The opinions put forward in this paper are the sole responsibility of GBE and do not necessarily reflect the views of the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety or of the project partners.*

**Please send the completed questionnaire to:**

**[mff@eeb.org](mailto:mff@eeb.org) and [mff@levego.hu](mailto:mff@levego.hu)**

***Thank you!***

***We'll share the final results with all those who completed the questionnaire.***



An MFF for the Climate  
EUKI Project

Annex 3  
to the Supplement to the Synthesis Report  
“Climate Change and the EU Budget 2021-2027”  
Responses to  
the Questionnaire

September 2019





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# Austria

(written response)

## Part A: About You

Your name:	
The name of your organisation/institution:	<i>national NGO</i>
Your country:	Austria
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	No
I agree that my replies be published with the name of my organisation.	No
Place and date:	Wien, 22.11.2018

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

Almost no knowledge regarding MFF, no activities planned.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

Not engaged in lobbying on funding in special, but on general climate issues.

Your role at the EU level:

None.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

Don't know.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

Don't know.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion	x			
Energy efficiency	x			
Clean mobility	x			
Green technologies	?			
Sustainable agriculture		?		
Biodiversity		?		
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Don't know the share of EU-funds within the "Climate Funds", but "Climate-&Energy-Model Regions" are quite an effective program. Regions are funded to deliver local climate protection measures.

Low value-for-money: poor practice:

?

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

All should receive more support.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

Don't know, have not heard about that.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

Maybe cross border renewable projects.

Mainstreaming climate protection into every funding scheme.

#1: no funding for any fossil & nuclear projects anymore (Nordstream, Midcat, ...)

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

LEADER – regional development, should be more open to climate projects.

EFRD – projects with climate context are possible.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

Stop funding fossil and nuclear projects.

Check climate impact for every funding project. Avoid contradictory funding which are also economically risky and/or stupid.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

?

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities

A: Yes, setting conditionalities is essential:

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

C: Don't know/undecided

Please add your reasoning for your choice.

15. Do you have **any other comment** on future EU climate funding in your country?

# Belgium

(written response)

## Part A: About You

Your name:	Henk Cuypers, Chairman
The name of your organisation/institution:	Burgerforum Luchthavenregio (Brussels Airport – Zaventem)
Your country:	Belgium
Your e-mail address:	
Your phone number:	
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	Yes
Place and date:	Kortenbergh, 22 January 2019

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

The MFF is a climate-proofed EU multi-annual budget framework (approved by EU Member States in the Council and the European Parliament) with specific spending provisions until 2027 to support the EU economy to become carbon-free latest by 2050.

To help promote a more climate-friendly development of the aviation sector the Burgerforum Luchthavenregio (Zaventem) has developed a 12-point plan (<http://burgerforum-luchthavenregio.be/over-ons/12-punten-plan.html>). Some of these points require measures and support at EU level: more specifically with regard to accelerating the use of cleaner and less noisy planes and the introduction of EU-wide smart/green levies (i.e. EU tax on kerosene, VAT on air-tickets).

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

The Burgerforum acts on behalf of over 1000 citizens and civilian groups in communities in Vlaams-Brabant bordering the airport (Zaventem, Steenokkerzeel, Kortenbergh). We support citizen concerns through lobbying local, regional, federal authorities, European and international authorities, the media as well as through advocacy action

Your role at the EU level:

In line with its strategy for decarbonizing the European economy by 2050, the EU must play a decisive and leading role in climate-proofing the aviation sector; the Burgerforum's 12-point plan for the aviation sector includes several measures which require EU initiative and support. Through lobbying political parties and the media in Belgium we seek to mobilize political support for urgent European measures to green the aviation sector.



## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

We did appreciate EU's recent stand on not tying itself to CORSIA in order to safeguard the potential of developing/boosting the European Emissions Trading System in the aviation sector.

We count on Europe to introduce VAT on air tickets as part of the EU-wide VAT package which is being prepared as well as levies on kerosene;

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

Experience has shown that the most efficient and effective way to fund climate and environmental change is through performance-based incentive funding, i.e. the Member States must match an important part of the finance that is needed in order to acquire EU funding + EU funds are provided on the basis of progress/performance.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion		x		
Energy efficiency	x			
Clean mobility	x			
Green technologies		x		
Sustainable agriculture		x		
Biodiversity	x			
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

European Emissions Trading System in the aviation sector; EU wide research on clean(er) fuels and technologies for aviation; reducing EU agricultural subsidies for large-scale, environmentally damaging agriculture; increasing EU subsidies for converting agricultural land into forestry and for other bio-diverse purposes.

Low value-for-money: poor practice:

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

More dedicated funding is needed to climate-proof the aviation sector: through research, smart levies, European norms and standards.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

Climate commitment in Belgium has remained far too weak. The aim of the Burgerforum is to put pressure on our authorities (local, regional, national) and political parties to increase substantially their commitment to climate-change and not to pay mainly 'lip-service' to it.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

According to the Burgerforum, the aviation sector will not fundamentally reduce its impact on global warming without urgent and decisive support at EU level (political, regulatory and financial).

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

We know generally about them.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

Negotiate at EU-level (i) the introduction of VAT on air tickets or a per plane flight-tax; (ii) a tax on kerosene – agree with Member States to earmark a large share of the income of these levies to invest in greening aviation and other transport sectors.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

In line with established EU monitoring and control systems for EU taxes/levies.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

A: Yes, setting conditionalities is essential:

**B: Yes, conditionalities are important:**

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

Conditionality should ascertain transparency of finance and support performance achievement.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

**A: Yes**

B: No

C: Don't know/undecided

Please add your reasoning for your choice.

Provided no valid reasons (external conditions) have prevented fulfilment of conditions.

15. Do you have **any other comment** on future EU climate funding in your country?

EU Climate Funding should focus on structural measures and hedge against the risk that the funds will be used for short-term and pure political window-dressing purposes.

# Bulgaria (1)

(interview)

## Part A: About You

Your name:	Yasen Georgiev
The name of your organisation/institution:	Economic Policy Institute
Your country:	Bulgaria
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	Yes
Place and date:	Sofia, 18.12.2018

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I represent the Economic Policy Institute in Bulgaria. It is a Sofia based think-tank working in various fields including issues related to the national and EU budget. When it comes to the multiannual financial framework, we have been conducting research and public activities within the current and the previous Multi-annual Financial Framework, but to be more concrete, we do not have a specific engagement with climate financing, which is one of the key topics in your questionnaire, however, we do cover the general debate in Bulgaria. I am happy to provide general overview from the Bulgarian perspective.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

I am not involved in other think-tank activities, although I am affiliated with several institutional bodies. Firstly, I am a member of the National Consultative Board at the Diplomatic Institute, which is training diplomats in Bulgaria and South-East Europe, and I am also part of the public council within the Committee on European Affairs and Oversight of the European Funds, established within with current 44th National Assembly, which is more important in light of the interview right now. Because in my capacity, as a member of this public consultation council within the National Assembly, I am closely following all EU related debates in Bulgaria, which also includes the debate on the next budget of the EU.

Your role at the EU level:

I can say that I am partially involved, more precisely through participating in consultative bodies and expert events with colleagues from other EU countries, speaking on behalf of the EPI, which is non-governmental, non-partisan think-tank, meaning that is not affiliated with any parties, and thus speaking from the researcher's point of view.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

As I mentioned, I could predominantly comment on the big picture and focus less on EU funding relating to climate and environment.

When it comes to the current EU budget, which is actually the second MFF for the country, because Bulgaria joined the European Union in 2007, it seems that during the current one Bulgaria is much more aware of the opportunities it provides. And when it comes to absorption rates Bulgaria is scoring very well, which shows that the country has improved its administrative capacity throughout the last 11 years since it joined the European Union. In general, I could say that EU funding contributes a lot to the economy of Bulgaria, according to different studies. EU funding had a substantial role especially in the crisis years, and thanks to the available funding from the EU, the economy was able to boost back after and even during the crisis. All the positive economic growth that Bulgaria got in 2011-2012 was mainly due to the absorption of EU funds. So, this is really a substantial contribution coming from the EU funds to the local economy.

One of the big disadvantages is actually the fact that the economy is in general dependent on EU funding, and you can see that in several sectors, whose performance is closely bound to the available funding from the EU. For instance, in the common agriculture policy, you can see that companies in Bulgaria, including small and medium size enterprises, are entirely focused on the available EU funding, and sometimes they work on projects only because of the fact that they are funded by the EU, not because there is a real market need for them. You can see that sometimes companies relate their activities according to the available funding and not according to the real needs of the economy, or of the country in general. So, one of the disadvantages that I would like to stress on, is the fact that there is a growing dependency on the EU funding in sectors that rely on it. This is really a huge issue, because I am not that sure that these sectors could be competitive if there would be no EU funding for them.

Public investments in the country are predominantly made with EU money. Thus, spending from the national budget is usually limited to the co-financing of European projects.

One concrete example – supporting SMEs in Bulgaria: there was an EU funded scheme for introducing different IT systems into small and medium size enterprises, and what we have found out is that SMEs, which planned to introduce such kind of technologies put their own investments on hold and waited until the call for funding opened, and afterwards the EU funding for this type of activities ended, there was almost no demand for such kind of IT based technologies. This clearly shows that activities of some companies are closely following the activities of operational programmes, not the market needs.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

When it comes to climate and environment in Bulgaria, it is an issue of increasing importance because of several factors. There are 40 regions in the EU, which are really dependent on coal and we have two of these regions in Bulgaria, and a substantial part of our electricity is produced by coal power plants. This is also another reason why we have a huge issue with air quality, not only in big cities, but in the country in general. And there is a growing public concern about air quality, which could be better addressed through EU funding, but up to now EU funding related to climate and environment is rather not utilized in Bulgaria, both on national and subnational level. Not many projects on climate and environment are implemented with the available EU funding.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion		x		
Energy efficiency				x
Clean mobility	x			
Green technologies	x			
Sustainable agriculture		x		
Biodiversity	x			
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

**Successful: good practice:**

I could highlight the experience of Bulgaria in supporting start-ups, which are in general vulnerable. Several years ago the government found out that some of the available funding for SMEs could not be fully absorbed, that's why it commissioned two private venture capital funds that actually started supporting highly risky start-up initiatives in the country, and because of the fact that this money was allocated to private fund managers, they were able to utilize these resources really efficiently and to contribute to spreading this kind of entrepreneurial spirit in the country, and to contribute to the emerging start-up ecosystem in the country with different start-ups, working in IT, biotech, nano-tech and other kinds of technologies. So, it was really a good experience of using European money to support the real economy.

**Low value-for-money: poor practice:**

I would like to highlight again agriculture, because agriculture is really dependent on the EU funding.

As a result of the implementation of the Common Agricultural Policy in Bulgaria, we have a very big concentration of land property in the hands of a very limited number of owners: according to a study of the European Parliament, more than 82% of the agricultural land belongs to less than 1.5% of the owners. Another problem is that because of the available funding, the majority of the agricultural support is used for growing wheat, corn and sunflower, which are less expensive to produce than all the other agricultural products. There is a market demand for these products, of course, but the agricultural sector was much more diversified before Bulgaria joined the European Union, but after that, because of the single payment schemes, owners related their activity towards such kind of products, which can be easily grown, like wheat, corn and sunflower, at the same time only a limited production of the products like fruits and vegetables remained, which were traditional for Bulgarian agriculture.

Also, as one of the main disadvantages, experts usually refer to, are public investments in infrastructure, because the companies, which are selected to implement European projects in the field are those that offer the lowest price, and it always turns out that this is not a sustainable manner, because the lowest price often means the lowest quality. Still this is one of the main criteria for selecting companies to perform EU-funded infrastructure projects.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Looking to the variety of projects and fields that have been supported with EU funds so far, we can easily highlight that when it comes to energy transition and energy efficiency programs, the country is underperforming. Although there have been investments in increasing energy efficiency of public buildings, there is a lack of funding for projects that aim to facilitate the energy transition in the country. Although the funding is on European level, the country is somehow not able to benefit from this available funding. This is one of the issues that has to be addressed in the next Multiannual Financial Framework.

Up to now we should take into account that this kind of EU support is not sufficiently recognized as really necessary for the country. And only recently, with the issue about the air quality, decision-makers started to think more intensively about how to use available EU funding in order to mitigate the impacts of climate change.

However, on the whole, climate action is not recognized as a huge issue although Bulgaria is a country that has its own Climate Change Mitigation Act, which is part of the legislation. It is implemented as part of the third National Action Plan for climate change mitigation. However, politically climate change is still lacking sufficient attention and it is not focused enough, because when it comes to future discussion of the MFF, a huge attention is attributed to the Cohesion policy, to agricultural policy, but not that much to how to mitigate the climate change impacts on the Bulgarian economy and agriculture. However, there are studies that show that climate change can be really a huge issue for Bulgaria and if no action taken, according to the World Bank, by the year of 2050 climate change impact might reduce economic growth significantly and make it close to zero.

I think, firstly, the level of debate here in the country must be increased, that EU funds can be used also not only for cohesion, not only for road construction and for supporting SMEs, but also for facilitating the energy transition. For example in several regions in the country, where coal power plants are located there is no active policy and funding for training local people for the future in order to make them more adaptable and to train them in new professions, which are not affiliated to the coal production and coal utilization. So, the main areas could be training people in the industries, which are heavily impacting the environment, in order to prepare them for this kind of market transition.

Another area lacking funding is improving energy efficiency. Energy efficiency both of public buildings and residential houses is urgent, because the residential stock in Bulgaria in general is old and not very energy efficient. There have been several public programs, which aimed to increase the energy efficiency of residential units, but they proved to be very limited, and in order to have a real improvement in energy efficiency you need more extensive programs, a general EU support for improving the conditions of housing units.

Of course, we can think about the future EU funding related to improving the performance of public utilities, because public utilities continue to be underperforming, when it comes to heating and water supply – these are issues that are still not efficiently addressed by the available funding. For instance, there is available funding for water management, but for different reasons the sector is still not able to absorb those funds and continues to be underperforming and not efficient.

On another note, tackling energy poverty could receive a more considerable EU support. In main cities the district heating is coming mainly from gas or coal power plants, but because Bulgaria is amongst the countries with the highest level of energy poverty, plenty of citizens, also in bigger cities, use coal and wood – solid heating, which is badly impacting the quality of air. Thus, high levels of air pollution usually occur in winter, which comes from this type of heating, but also because people with low income use also waste (tires, old cloths, etc.) apart from coal and wood. Despite the fact that there are energy subsidies for low-income families, they do not always reach people with real needs, and this is one of the main reasons why socially disadvantaged groups have to burn different kind of waste in order to heat their homes. It is illegal to burn waste in Bulgaria, but there is no mechanism to fine people for that. In general, the legislation foresees fines, but since in these cases these people have either limited or no income, authorities that are responsible for limiting this kind of heating are not able to collect any kind of fines. And now there is a huge discussion in the legislation how to make this kind of activity practically prosecutable. Not by introducing new taxes and fees, as this is not working, but by making this activity legally bound with some kind of voluntary public work. If people have no money to be fined, they should be involved in some public work.



Surely it is a two-sided issue it is not only the financial issue, but it is also the lack of information, although recently there have been campaigns on mass-media. Of course, one could argue whether these campaigns have reached people that are burning waste. Therefore, campaigns are mainly targeted at social groups responsible for generating the waste – there are campaigns in the city of Sofia by the local municipality asking people to be more responsible in their waste management and in disposing tires and old furniture only during collection times of this type of waste. Nevertheless, the main issue continues to be the poverty, because you can increase the level of knowledge within a year, but you can hardly improve the living conditions within such a short period of time.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help

The issue is officially recognized, as there is the Climate Change Mitigation act, there is a national action plan, but they are not very much linked to the available funding. I am closely following the debate on this in Bulgaria, but I could barely find out whether there is any utilization of the available funding to support this action plan.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

In order to live up to Paris Agreement objectives, Bulgaria has to be more active in channelling EU funding towards energy efficiency and energy transition. Although there have been some changes in recent years, this continues to be a huge issue. Even during the COP meeting in Katowice last week the President of Bulgaria officially declared country's support and commitment to the Paris Agreement objectives, but at the same time he mentioned that it should not be at the expense of jobs and local industry, which I consider contradictory because if you would like to really reach the Paris Agreement objectives, you have to be able to implement energy transition in the country by training people and by providing alternative employment opportunities and also by being able to put into practice different kinds of fuels, that could substitute the coal power plants. So, energy efficiency and transition should be the main areas where EU funding should be focused.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

Stakeholders in Bulgaria are usually very much aware and very much involved in the planning and implementation of EU funds on national level. Thanks to the campaigns by different managing authorities, there is plenty of information about available funding on national level, but on the contrary, when it comes to EU funding on regional or subregional level, there is a lack of it. It is no surprise then that there are not many projects submitted on subregional level.

The limited number of Bulgarian applications comes to show that Bulgarian stakeholders are not so much involved in the planning, implementation and use of EU funds that are available on EU level. On the one hand, it is the lack of capacity, because you need certain level of capacity in order to be able to compete with other projects in other countries, let's say from old member states or countries with more substantial experience on the EU level. On the other hand, it is an issue of co-funding, because sometimes organizations, which could apply are prevented from doing this since the needed co-funding proves to be a heavy burden for them.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

I think the next MFF should be much more focused on utilizing available funding to reach less developed regions. Bulgaria is part of the Friends of Cohesion Group and cohesion policy is something that a country is not ready to have it reduced, because it still benefits a lot from this policy. But on the other hand, we have to take into account that the efficiency of this policy could be increased in order to have a greater impact on bridging the gap between new and the old member states. This means that we have to focus more on the sustainability of the EU funding, on the added value of the EU funding and to make local authorities much more attentive about EU funding. I think increasing the share of co-financing is essential, although the official position of countries like Bulgaria is against increasing of co-financing. However, it would make public institutions much more cautious about how to spend EU funding.

When it comes to energy, it is still not among the most pressing issue, because the focus is on cohesion and agriculture, but the country should utilize much better available funding for energy transition both from national and regional schemes.

If we talk about market distortion for companies, it is mainly because of the fact that available funding is coming as grants, and companies are not very much supported to think strategically, because funding is coming to them in a form of easy money. To decrease this kind of market distortion we can think about increasing the share of financial instruments, which will make companies more focused on their projects and strategies, they will know that they have to pay back certain amount of the money, and that money is not coming as grant, but as a credit with a low interest rate. I do not think that market distortion will be eliminated completely in this way, but at least it will be reduced.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

In my opinion the monitoring of the use of EU funds could be increased, it would make sense if there will be a combined national and EU level monitoring, but it will hardly be accepted by politicians who will oppose an intensive control on behalf of EU institutions, more control than right now. But I think that this kind of co-operation could increase the added value of EU projects, since beneficiaries will be aware that such a control is much more far reaching than the one of the national institutions and they are supposed to be much more concentrated on the quality of the works funded by the EU.

The country gained a lot of experience in the last 11 years in managing EU funds, absorption rate is really high right now, but I think that issues like state capture and corruption are always on the table. Although sometimes they are really overestimated, these are factors that play a role, and this is why I think that having also another angle in monitoring and controlling EU funds will be useful, and if this kind of tool is beyond the national boundaries it will make mismanagement less possible.

We don't have to overestimate corruption, because it is a perception, it is not always based on a real data and it is based on surveying people's perception about it, and in this part of the world there is a very high perception about corruption. Usually we use the phenomenon as an explanation of mismanagement in various fields, although not all mismanagement is due to corruption, sometimes it is because of the lack of capacity, lack of other factors.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

A: Yes, setting conditionalities is essential:

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Conditionalities are important, as they might play a crucial role in making local authorities more focused on their way of spending of EU money. Decision-makers are less likely to support this, but it will make them more cautious and aware that this funding is not coming as granted and it should be used according certain criteria.

To my mind one of the issues here is conditionalities concerning the rule of law. At the moment this topic is not as important in Bulgaria as in Hungary and Poland, but I think conditionalities should be used, otherwise local decision-makers will not be so apt to fulfil their obligations to the European institutions.

Conditionalities have to be not overestimated though. Bulgaria, together with Romania, is a part of the Cooperation and Verification Mechanism (CVM), but you can see that during past 11 years it has done little to improve the situation, so you have to be really very cautious when setting conditionalities, because you don't want the EU to be blamed for everything. If the conditionalities are not managed properly, local politicians could always use them as a reason to blame EU for something. I cannot easily propose one or two conditionalities to be set, because this should be done according to a real impact assessment that could address the needs of the country and better reflect local specifics.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

C: Don't know/undecided

Conditionalities should be used in a very targeted manner towards those programmes or areas, which are really underperforming. But spreading this kind of suspension towards EU funding in general is not a good option. Suspending the whole EU funding might have a huge political effect, but it is not fair as it blocks the whole system.

15. Do you have **any other comment** on future EU climate funding in your country?

# Bulgaria (2)

(written response)

## Part A: About You

Your name:	Petko Kovachev
The name of your organisation/institution:	Green Policy Institute
Your country:	Bulgaria
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	Yes
Place and date:	Sofia, 01.11.2018

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I have worked on MFF and EU budget related issues since 1994 and I did analyses regarding climate-related investments in Bulgarian Operational Programmes (2014–2020) for DG CLIMA and for Bulgarian NGOs, among others.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

Yes, as part of the Bulgarian climate coalition and through other projects – by preparing papers and doing advocacy activities with various institutions.

Your role at the EU level:

Not recently.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

Climate: no data to judge the funding results from 2014-2020. Nevertheless, there are several problematic issues:

- Lack of climate-related indicators in the OPs (except in two cases – one indicator for a measure in 2 different OPs);
- Impossibility of assessing the grounds of the climate-related funding in the OPs. No information is available on how the working groups assessed and developed concrete expenditures (and therefore the percentages) for climate in each of the OPs;
- No climate funding in the “Science and Education for Intelligent Growth” OP;
- Slow and late implementation of the rail-road projects, no funding for modern rolling stock (locomotives, wagons), thus preventing a tangible switch of freight and passengers from autos to rail;
- No funding for climate in the Human Resources Development OP while Bulgaria needs trained people for small-scale renewables, energy efficiency, resource efficiency, passive buildings, etc.

The overall assessment is that while in the Partnership Agreement we do have good texts to guide us toward more and better climate investments, the climate-related measures in the concrete OPs are lacking and the existing ones are very weak, not well grounded and there is huge unused potential. All these weaknesses guarantee bad final results.

Environment:

Advantages

- funding of Natura 2000 network development;
- focused on “heavy investments” (water and waste);
- recent period also includes funding for air quality;

Disadvantages:

- excluding NGOs as beneficiaries for biodiversity protection. Instead projects are provided to consulting companies close to the government. They are sub-contracting experts from NGOs and academia, but for lower payments and doubtful quality;
- funding for problematic landfill systems;
- funding for badly designed wastewater treatment plants (WWTPs), some of which are using a lot of energy for their operations;
- in the area of air quality – colleagues say that money is simply wasted as the municipality programmes for clean air are made by the companies that trade with filters. Most of these programmes are breaching Art. 23 of AAQD (Directive 2008/50/EC of the European Parliament and of the Council of 21 May 2008 on ambient air quality and cleaner air for Europe)
- support for incineration (“waste-for-energy”) is going further involving district heating companies
- corruption amounts to up to 50% of project money (e.g. in infrastructure).

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

There are several areas to address for the future:

Climate:

- adoption of concrete climate indicators for every measure in every OP;
- OP Transport should not invest in roads anymore, only rail and intermodal projects should be approved;
- better use of biogas from landfills and WWTPs for electricity;
- support for small-scale renewables (solar, etc.) via OP for Industry, Regional development and Rural areas;
- funding for climate science and education via OP for Science and Education;
- funding for climate related jobs (energy efficiency, renewables, forestry, prevention of natural disasters, etc.) for young people and unemployed via OP Human resources;

Environment:

- including NGOs as beneficiaries for OP Environment (measures for biodiversity protection) as they hold a lot of expertise and many leading experts;
- focus on local, small and medium size solutions in environmental infrastructure;
- support for integrated approaches and complex air-quality measures in the urban areas;

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion	YES			
Energy efficiency		YES		
Clean mobility	YES			
Green technologies	YES			
Sustainable agriculture	YES			
Biodiversity		YES		
<b>Climate-related science and education</b>	YES			
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

As partially good (at least well intentioned) and potentially successful I could mention the measures for funding energy efficiency (under implementation) and for resource efficiency (project selection stage) in SMEs – two measures under the OP Innovation and Competitiveness (2014–2020).

Low value-for-money: poor practice:

There are number of cases where money was ineffectively spent, but here I put one, that includes several problems: substitution of state budget money with EU funds (not additional value), low-value effects (providing supply of fire engines which were an urban necessity but useless for nature protection) and on top of this the money from the budget was used for anti-democratic activities of the internal ministry (it's taken from the English version (p. 15-16) of our report on EU funds for 2007 – 2013 period, that I attached to this questionnaire and you could use for your purposes):

In 2012/2013 the Monitoring Committee of the OP Environment made some changes in order not to lose unspent money from the Measure No 2 (Waters) of the OP. They decided to support the Ministry of Interior and its Chief Directorate Fire Safety and Civil Protection by funding the purchase of fire engines with the argument that it would ease the fight against forest fires. In fact, it did not. First, because the purchased engines were NOT effective on mountainous terrains and second – much more importantly, Bulgaria actually needs to get special helicopters for forest fires. But the MOEW didn't listen to the arguments of NGOs, and Bulgaria remained for years without modern helicopters. For the rest, here is the quotation from the report:

"The change in PA 1 puts one side but extremely important issue about **democracy** in Bulgaria. With money of EU are financed structures of MI, which at that time spent serious amount of money (over 100 million BGN/y20) for eavesdropping of people who disagree with the government's activities. So the following question arises: whether it is so that use of EU funding frees budget money that the Ministry of Interior uses for activities that distorted democratic principles and violated human rights? No doubt the expenditures of Chief Directorate Fire Safety and Civil Protection are important and necessary that this particular equipment must be in working order and ready for action at any time. But it is also clear that the reason this not to be so, is exactly **redirection of budget funds** of the Ministry of Interior from activities related to the protection of citizens and their property to activities that directly or indirectly lead to the violation of their rights<sup>21</sup>. *Coalition for Sustainable Use of Funds of the European Union believes that without real structural reform in MI any European funding system is challenging the democratic principles and procedures in the country and should not be supported.*"

In quite a number of cases there is a lack of funding to maintain infrastructure which was built with EU money. Such shortages of funding are mainly in the waste management, wastewater treatment plants and highways. The reasons are different apart from one – the huge amount of stolen money during the construction phase. But if I should describe the concrete situation in all three areas, I would need write a new paper.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

Virtually all of the areas in Q5 table are either under-financed or funds are used mostly ineffectively in comparison to the needs or targets set. For example renewables were heavily promoted in the beginning, and then, when it became clear that EU subsidies under rural areas programme AND feed-in-tariffs were essentially double state support (surprise, surprise :) ) the beneficiaries were asked to give money back.

Initially (after 2007) Natura 2000 and biodiversity funding was mainly based on work of NGOs which provided scientific expertise and data for setting the network. There were also targeted projects for developing plans for some endangered species. Nowadays instead to make things easier and smooth, the problems are growing. This is a long story and my colleagues from nature protection are now preparing a paper how the money is simply poured into useless or ineffective activities.



8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

I cannot make any clear assessment as the data for climate-related measures is not available. My personal assumption is that at the end of the day Bulgaria would come up with a nice report but without data, that could be independently verified.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

Not surprisingly my understanding is that money should go primarily for small-scale renewables. The main problems here relate to the ownership of the buildings, co-financing, etc. locally inspired problems. From the institutional level, the main problem comes from unwillingness of the institutions to oversee big number of small-scale projects instead few big-scale ones. The example with the gigantic programme for energy efficiency for home buildings with state budget money show the importance of the preparatory process that wasn't done in the right way in this case and the results of the programme are quite disastrous.

Further money should go to efficiency in the transport sector and buildings, education and training for climate-related jobs, climate science, climate measures in the agribusiness and rural areas.

In light of the upcoming decline of the coal industry I would put a specific area for support – the Just Energy Transition (JET). Bulgaria has at least two regions, one of which – Maritza-East Complex (huge lignite mines, 3 big TPPs and others) I recently analysed for its potential for JET. The potential is there, and business environment is capable to take the burdens of the transition, but there is need for co-funding. Just to show the scale – we are talking about some 12000 people directly employed and some 2,5-3 times more – indirectly and a territory that potentially could host a huge PV park, size of 15+ thousand MW. When I did interviews on the spot some of the business people and local authorities mention that they would like to see this over-polluted region cleaned and as a place for development of innovative technologies. This seems to be a perfect place for introducing integrated regional development, based on high technologies and science, climate-friendly businesses and green energy on (relatively) big scale, incl. energy storage systems. Which in EU terms means additionality, synergy, added value, public-private partnerships, usage of financial instruments and other declared goals and principles of the EU regional policy in practice.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

Participation in planning is restricted and CSOs are mainly excluded. We managed to have more participation during the first planning (2005-2007), just because the government was not aware of how much expertise and knowledge CSOs have.

Nowadays the participation of "stakeholders" is strictly controlled by officials. They destroyed the once existing system of environmental NGOs of bottom-up nominations and elections of representatives in the working groups and instead now some of the representatives are "fake" (without real interest and without the ability to provide input). The same is for the participants in the Monitoring Committees.

As I already mentioned, the environmental NGOs that hold major expertise in biodiversity and nature protection are excluded from the implementation of the Environment OP. Some social services are outsourced to social NGOs and they are eligible for funding.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

In the case of Bulgaria it seems a lot has to be improved. There are several main weaknesses some of which purely internal problems:

1. High level of corruption. There should be more stringent control from the EU institutions as the Bulgarian judicial system does not work properly towards corruption with EU funding. Unfortunately, the other control mechanisms do not work well either. At the same time there is enough data about concentration of EU funds in a small number of beneficiaries in the areas of agriculture, infrastructure construction (transport and environment), etc. The cases with problematic EIA procedures are usually associated with some corruption.
2. Lack of decentralization. Bulgaria is among the most centralized states in the EU. There is no second (regional) level of self-governance. This fact is already recognized by DG Regio as a main obstacle for effective use of the EU funding. I would add, that decentralization is crucial for such unpopular policies like climate and environmental protection as some local beneficiaries (municipalities or even private business) could be more advanced than the central government. It is understandable that EU has nothing to do with this problem, but still could provide preliminary conditions, pushing for adequate local participation in the decision-making for climate or providing funds only for local projects.
3. Lack of administrative capacity is a widespread problem in both central and local institutions. Apart from the objective factors, the EC is so far part of the problem as well. Hundreds of millions of EUR has been provided for training, technical assistance and so far, but never ever has the Commission made an adequate assessment of the results. There should be a completely new approach towards support for the institutions and the EC should ask for outside assessments in every case when analyzing the administrative capacity. The EC should also block further use of EU funds for contracting the World Bank for consultations (climate and environment) and, instead, should push for increasing local capacity, including civil sector as well. Heavy administrative burdens on the beneficiaries leading to the fact that more people prefer not to go for EU funding and ruined the image of the Union apart from the fact that money sometimes goes to projects without added values.
4. Changing the rules locally (in order to decrease or deny potential candidates). The Commission has to impose some rules that the local institutions should not put additional conditionalities on project candidates over certain limits. A good example is when verifiers under the Rural Development Programme require the condition of mountain pasture to be maintained as a meadow in order to approve the subsidies, or in other words they are trying to impose an inadequate "definition" of pasture.
5. Real reporting of related data is needed. The MCs should not be able to lie or falsify data, incl. climate-related or related to environment, resources, etc. EUROSTAT should come up with stricter and improved methodologies and guidelines. A lasting example of blatant misrepresentation of reality by using an outdated methodology is saying that nuclear fuel is a "domestic" fuel, thus decreasing the figures for energy dependency for countries like Bulgaria, Slovakia, etc.
6. Less changes in OPs. There should be a restriction on making changes in an OP during the implementation period. So far, we have programmes with 6-7 up to 15 changes. This leads to changes in the goals and results, money is spent just because it needs to be spent. I would suggest not more than two changes per OP per financial period.
7. Single verification. The verification of expenditures should be made simple. Now there are verifiers both from EC services and from local services and they apply different rules. This puts additional trouble on correct beneficiaries and gave others, incorrect ones, an opportunity to claim they were not wrong, but the services who verified the payments.
8. Sudden non-planned checks on the spot. There should be a team that have all the rights to make inspections on the spot without any preliminary information and approval of the missions by local authorities.
9. Corruption and fraud with EU funds should be under the EU Chief Prosecutor's Office in order to avoid links between local mafia and local judiciary.

10. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

The highest possible monitoring and control levels are required. Unfortunately, the EC does not understand the local legislation gaps that allow alternative investments with lower environmental impacts but with the same required results not be considered. This is valid for environmental legislation (EIA and AA procedures), road quality, social services, etc.

A typical example of corruption that would have a climate impact is the pressure of the Government of Bulgaria to use EU funds for Shipka tunnel, thus adding some 40-50 km mountainous route to the natural North-South route Rousse–Veliko Tarnovo–Nova Zagora–Simeonovgrad, which would increase emissions from the heavy trucks going between North and South Bulgaria and the number of traffic accidents with lethal end.

In this sense, the Commission (or monitoring institutions) should scrutinize the level of coherence between relevant legislation in the areas of EU funding. It should be done before the approval of the OPs and with the involvement of independent reviewers, non-connected to the local powers.

11. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

As I mention several times Bulgaria is one of the countries that likes EU money, but not EU policies (one-way solidarity). Setting conditionalities is not enough – they must be also fulfilled. For that reason they must be reasonable and achievable, but also they should be fulfilled with a good quality (e.g. not a formal “strategy paper” to be prepared for the sake of the conditionality check-list filling, but a document that would be implemented and the expected results should be assessed ex-ante as positive).

One set of conditionalities may be a revision and correction of the national data for achieving various targets, e.g. renewables, energy efficiency, resource efficiency, etc. E.g. Bulgaria keeps falsifying the data on its renewable’s targets. This allows the politicians not to focus on the sector but to fight for the current, “perfectly structured” energy sector. More or less this is also the situation in reporting of emissions. So, proper and verifiable reporting of climate-related data must be a precondition for approval of the whole EU funding for each country.

12. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

**A: Yes**

B: No

C: Don’t know/undecided

Please add your reasoning for your choice.

The climate policy in Bulgaria is not only unpopular but there is also a kind of “consensus” that the country is a “victim” of the EU- and global climate policies/agreements. Very recently Bulgarian society is mobilised to support derogations for TPPs (both for electricity generation and for district heating/CHP). While the EC should make case-by-case analyses for each of the plants, the overall denial to develop and follow a strategy for “Coalexit” cannot be acceptable and could be one of the conditionalities.

The local, regional and national development documents also need to be scrutinised (e.g. via “nest analysis”) upfront. The practice during last 10-15 years show that most of them were prepared formally without objective analytical work, mostly by “copy-paste” approach.

Bulgaria has no adequate climate scenario, and this is also something that could be observed as a strategic need for the next financial period and if it is missing to part or whole funding should be suspended.

13. Do you have **any other comment** on future EU climate funding in your country?

Bulgaria is expecting next financial period with the usual mood – claiming more money (8% increase, the officials say), but with fewer conditionalities and less control. The behaviour of the EC somehow supports such a situation. For example, there is still NOT a mid-term review for the 2014-2020 to make the problems with climate financing visible.

Bulgaria is among the countries with strong political opposition to the EU climate policy. As a result, there is also pressure not to set separate funding on climate science or climate-related projects apart from money that could easily go for the institutions themselves. The Government spent EU money to contract the World Bank for papers that otherwise could be done by local experts. NGOs are more and more the subject of direct attacks as “grant-receivers”, “workers for non-Bulgarian interests” and “money-wasters” (as if the same money could go for pensions for example, but the greedy NGOs use it to make bullshit about climate).

Issues like “circular economy” are used only for political speeches, “just energy transition” is presented as non-sense or as a nice wording for “closure of jobs for miners”. There is an expectation that during the COP there will be a massive fight in defence of coal and “the good guys” (the pro-coal governments will win). On top of this Belene NPP is on the pipeline again.

# Croatia

(written response)

## Part A: About You

Your name:	Ana-Maria Boromisa
The name of your organisation/institution:	Institute for Development and International Relations (IRMO)
Your country:	Croatia
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	Yes
Place and date:	Zagreb, 14th May 2019

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

Following up development in MMF; currently focus on own resources based on plastic packaging waste that is not recycled, and impact on the Waste Management System in Croatia.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

None.

Your role at the EU level:

None.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

**Advantages:**

increasing awareness, improving institutional capacities.

**Disadvantages:**

Spending in haste (better to spend than lose money; efficiency & capacities not sufficiently considered).

The public procurement is incredibly slow.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

Increased capacity for project development and strategic assessment; starting valuing ecosystem services.

Valuing ecosystem services was generally ignored, and the investments were generally very traditional. There is no cost-efficiency evaluation considering the environmental impact on our ecosystems.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion		x		
Energy efficiency				x
Clean mobility		x		
Green technologies		x		
Sustainable agriculture		x		
Biodiversity			x	
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Water supply and sewerage System Slavonski Brod.

Low value-for-money: poor practice:

Waste management – significant delays (due to national reasons) Mariščina nad Kaštijun Waste management center).

There have been attempts to do a waste separation system on the local level, so municipalities have been buying trash bins and this type of waste collection objects. However, this will not actually lead to separation of waste collection. The government is in a hurry to spend all of the available funding so they are just buying whatever they can without considering how this equipment will fit into the system.

The situation is similar with the wastewater sector: several wastewater treatment facilities were built but their capacity significantly exceeds the needs of the local community. They are expensive and people are refusing to get connected so the results are not as good as they could have been.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

Smart solutions (demand response; local level initiatives)

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

EU Funding enables development of the national climate protection strategy – low carbon development strategy; climate change adaptation strategy.

Without EU funds national strategies related to the environment would have never been drafted. EU funding serves as an instrument for investment and implementation; without it we would be performing as in the 1990's.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

Monitoring system for implementation of adaptation actions. The monitoring system is lacking and the major issue here is low institutional capacity connected with lack of institutional will to change the situation.

Decarbonisation of transport (alternative fuel vehicles is still relatively small (less than 0.2%), rail is under-developed and slow).



10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

Available funds: European Regional Development Fund, Cohesion Fund, European Agricultural Fund for Rural Development, European Maritime and Fisheries Fund, The Connecting Europe Facility, LIFE programme, H2020, European Fund for Strategic Investment.

It is popular to use consultation companies for writing of the projects. Ordinary people don't know how to write project proposals.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

Cross-checking of the proposals so that there is no double funding.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

High level and guidance for national level. In the monitoring bodies the staff is not knowledgeable and competent enough so they are delaying and double checking because they are insecure.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

The Government postpones implementation of relevant measures due to lack of political will and institutional capacity. Making EU funding conditional has been proven as efficient tool for setting the reform agenda and ensuring that implementing bodies have adequate resources (human and financial).

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

**A: Yes**

B: No

C: Don't know/undecided

Please add your reasoning for your choice.

15. Do you have **any other comment** on future EU climate funding in your country?

# Cyprus

(written response)

## Part A: About You

Your name:	
The name of your organisation/institution:	
Your country:	Cyprus
Your e-mail address:	
Your phone number:	
I agree that my replies be published with my name.	No
I agree that my replies be published with the name of my organisation.	
Place and date: Limassol, 11/11/2018	

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I have relatively limited knowledge of the structure of the MFF but clearly understand its potential for encouraging climate-friendly investments around Europe and particularly in my country of residence (Cyprus). My involvement is in the provision of evidence-based policy analysis for climate change mitigation and adaptation in Cyprus.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

I serve as an advisor to the national government on their long-term energy and climate plans, and have formulated a concrete proposal for the gradual introduction of a carbon tax whose revenues can be used for funding climate-friendly investments.

Your role at the EU level:

I am a Board member of an expert platform promoting environmental fiscal reforms in Europe.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

I don't know if there are examples of really successful environment-friendly investments in Cyprus; but certainly several funding instruments (Regional Development Fund, LIFE programme etc.) have benefited the state of the environment in Cyprus. They would have been even more beneficial if environmental policy implementation had been stronger.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

I am not aware of such lessons.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion				X
Energy efficiency			X	
Clean mobility		X		
Green technologies			X	
Sustainable agriculture		X		
Biodiversity	X			
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Support for policy studies on the deployment of renewable energy, which have substantially helped the government of Cyprus focus its attention on effective promotion of renewable energy investments.

Low value-for-money: poor practice:

None to my knowledge.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

Public transport and protection of biodiversity.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

There is no clear overarching national strategy; however EU funds constitute the major part of climate-related funding in Cyprus, therefore it has certainly helped.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

Promotion of smart grids and storage technologies, in order to ensure very high penetration of renewables in electricity production, on the road to 100% renewable power generation.

Promotion of public transport and of smart electrification of transport.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

I only have a general knowledge of these opportunities.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

The funding priorities should be clearly towards zero-carbon energy options; e.g. funding for natural gas should be excluded.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

I am not familiar with this topic.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

A: Yes, setting conditionalities is essential:

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

I am not familiar with this topic.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

**C: Don't know/undecided**

Please add your reasoning for your choice.

I am not familiar with this topic.

15. Do you have **any other comment** on future EU climate funding in your country?

# Czech Republic

(interview)

## Part A: About You

Your name:	Anna Kárníková < >
The name of your organisation/institution:	Centre for Transport and Energy
Your country:	Czech Republic
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	Yes
Place and date:	Prague, 20.12.2018

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I am a director of the Centre for Transport and Energy, this organization has been existing since mid-90s, so it is quite traditional one.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

I started working on the MFF last summer. We have a big project in our organization and one part of the project is to lobby around the MFF. This year we have focused on all the legislation on the European level, that was passing through the European Parliament, including the Common Provision Regulations and various legislation on the Cohesion Funds. We have been also looking at EIB and other funding, as we are focused on financing in general, and next year we'll be doing the same. As you know, the timeframe has changed slightly, so we will be lobbying on the European level until autumn next year. For example, we prepare our own amendments and we communicate them to MEPs, we try to get intelligence about what are the positions of different member states and we share these in a European network. We lobby our own national representatives, including permanent representatives in Brussels and representatives of our national Ministries. We publish articles about this, talk to media about how the new MFF should look like and we share examples from other member states to show what has been working well and what requires some changes in the next MFF.

We would like to exclude all fossil fuels from the future MFF funding, so we lobby a lot around the exclusion list for funding. We are looking at public participation in the designing and implementation of the funds, so there are clauses that should strengthen participation of the public in the planning and implementation period of the MFF.



## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

European funds represent a major source of investment funding in the Czech Republic, which is a great thing. I don't think they are always used effectively. Another problem has been that the EU funds have been pushing out national sources of funding, so now there is a discussion about how the Czech state budget is going to be able to sustain all these investments when the EU funds will be gone or directed to other areas.

The Ministry of Finance together with the Ministry of Regional Development, which is responsible for EU funds in the Czech Republic, have done together an analysis showing what sort of investment is to what extent dependent on EU funds. So, we have this information and there has been an ongoing debate about this.

For example, we had a big debate here about incineration being funded from EU funds, but this is not possible anymore, so I see positive shifts in there in terms of what EU is willing to support.

Corruption was a major problem in the last period, but recently the architecture has changed. The corruption occurred mainly because we had regional funds and these regional funds got centralized, which helped a lot with transparency. I think in Czech Republic corruption is not such a big deal, but the question is in effectiveness and there is a big debate especially in fields like energy efficiency, whether subsidies are the right way to go, or should we turn more to other financial instruments.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

What we do see, especially in some specific fields, such as energy efficiency, is that if you want to really have good projects from EU funds you need to invest a lot in the capacity of the beneficiaries. And this hasn't been really happening and I think this will be one of the things we need to focus on, especially if we have regions underperforming socially and economically. We did an analysis of one of the regions, which is structurally disadvantaged very strongly, also due to coal mining. They would be a perfect beneficiary for the EU Structural Funds, but they don't have the absorption capacity to uptake EU funds. So, there is a mismatch between the money being there and the ability of the region to actually make use of the money. This is one of the things we will be focusing on.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion				
Energy efficiency				
Clean mobility				
Green technologies				
Sustainable agriculture				
Biodiversity				
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

There is a lot of good practice gathered in some of the materials of CEE Bankwatch Network. For example, we have an innovative project about geothermal energy, it is about a municipality building's own geothermal system. Bankwatch materials gather bad and good examples of how EU funds can support energy transformation.

Low value-for-money: poor practice:

Nothing too big for the Czech Republic.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

I don't know about this, because I don't know about the general envelopes. Very often the money is there, but the problem is how it will be used.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

That debate is currently going on and this is actually one of the things we have been lobbying for, namely the link between EU funds and the Czech National Climate Energy Plan, which we are required to submit by the end of next year to the European Commission. Currently there is no direct link between this plan and the MFF and we don't know what is in the plan, because the government is doing that behind closed doors, so it is hard to say how it is going to go.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

I can give the exclusion list: it is especially important to stop subsidising fossil fuels and also unsustainable modes of transport. There should be a general climate mainstreaming, and it is very important, how it will actually be measured. As I talk to people in ministries, they are quite worried about it and we need to see how this will be working.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

It really varies from area to area, but I know that at least in the energy efficiency, for example, this is problematic, because there are just so many different sources of funding for that.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

These are the well-known demands that we have. EU hasn't decided yet whether it is going to increase its GHG targets and other climate related targets, but if we are to do so, I think this should have a clear link to EU funding and there should be no funding for anything that goes against that. And, of course, the transparency of funding as well and involvement of stakeholders in monitoring committees and so on.

I think generally strengthening the culture of evaluation is a good thing and we are lagging behind in that.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

I don't think that the present system of monitoring and control is the right way, because we have quite a lot of heavy-handed monitoring and control without having a broader view of what we are trying to achieve and whether we are achieving it, and focusing that much on all the detailed indicators. We need to think about what sort of evaluation we are actually aiming for.

There are different approaches to evaluation and the most progressive ones, I think, are actually trying to step away from this new public management approach, but today this is the whole philosophy of evaluation. So very often you are focusing in implementation only on what you can measure.

I know it might be a quite abstract debate, but if we have a list of 1000 indicators for all EU funds in the Czech Republic and it is questionable whether these indicators telling you the right thing. We know that the European Commission needs to have some indicators on the project, but I have seen a lot of projects running around indicators, which just don't make any sense. There should be a general discussion around what evaluation is needed and what it should achieve. For example, in our projects we would have indicators about whether our institution has implemented a certain new process or something like that. It is problem, how you measure and document that a real progress has been achieved.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

I think that conditionalities are really useful. For example, in terms of strategic planning they have kind of forced the ministries to prepare their strategic plans for areas for which such plans did not exist earlier. And again, it depends on how the conditionalities are set and how is the timing for meeting of the criteria. What we have seen, for example, there is this big fund that funds the reform of public service or public management institutions and the conditionality for that was that we needed to prepare a strategy of how public administration will be evolving. The ministry was under a lot of pressure and they prepared this strategy within 2 months, commissioned it to an external consultancy due to limited capacities. So, one can imagine that it could have been a better strategy if we had a year to prepare it, involve all the relevant stakeholders and have a genuine debate about the future of public administration.

One the conditionalities certainly should be the NECPs. Conditionalities shouldn't just be a matter of discussion between the European Commission and the national governments, but other stakeholders should be actually included in it as well. They should also have their say as to whether conditionalities have been fulfilled or not.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

C: Don't know/undecided

I think this is how it is right now. I think it really creates very effective pressure on the national governments. But you need to balance between the pressure and time to fulfil the conditionalities in a meaningful way.

15. Do you have **any other comment** on future EU climate funding in your country?

# Denmark

(interview & written response)

## Part A: About You

Your name:	Natalia Lehrmann
The name of your organisation/institution:	NOAH
Your country:	Denmark
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	Yes / No
I agree that my replies be published with the name of my organisation.	Yes / No
Place and date:	31.05.2019

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I have some specific knowledge and recommendations about the Common Agricultural Policy which is around 40% of the EU budget. Besides that I have some overall recommendations about how to prioritize the budget.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

I do campaign work and sometimes write letters to politicians. I work with Friends of the Earth Europe as well.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

Advantage:

If EU funding would be used correctly, it could greatly help to do an environmental transition, e.g. through redistribution of the CAP to small scale farms that use regenerative agricultural methods and supporting e.g. insulation with organic materials that have a low CO<sub>2</sub> footprint and wind energy instead of fossil fuels as well as public transport instead of increasing the infrastructure and buildings. Such initiatives would create jobs, preserve the environment and lower the CO<sub>2</sub> footprint. There is some kind of regional development support that can help decrease the inequality between Western and Eastern Europe, but it is only a small part of the budget.

Disadvantages:

So far, the EU budget has been supporting large scale industrial farming which is disadvantageous for the climate. The EU climate policies promote the use of bioenergy which is, according to Friends of the Earth Denmark, very harmful for the climate. The EU policies also promote increased use of resources, which is already too high. The EU promotes “green growth” but the idea with it is, for instance, to continue support animal production, then use biogas and call it “green”. In my opinion and Friends of the Earth Denmark’s opinion this is “greenwashing”. Much money used for regional development is used for large-scale infrastructure projects which are not beneficial for the environment (for instance, highways).

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

Funding still underpins large-scale agriculture which is dominated by the animal production harmful for the environment. Calculations by NOAH based on official statistics shows that agriculture is the cause of 1/3 of the CO<sub>2</sub> emissions. Moreover, e.g. investments into gas infrastructure are said to promote energy security, but in fact they create more energy insecurity as the EU becomes dependent on more fossil fuels and foreign states. The EU remains dependent on gas instead of doing a transition away from it and therefore live up to the Paris Agreement.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion	x			
Energy efficiency	x			
Clean mobility	X			
Green technologies	x			
Sustainable agriculture	X			
Biodiversity	X			
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Support for organic farming.

Low value-for-money: poor practice:

Support for large-scale agriculture; support for bioenergy. Projects of common interest – the EU has e.g. used funding for gas projects to support pipelines which are very harmful for the environment and contradict the Paris Agreement. The same funding could have been used to support real renewable energy such as wind energy as well as promotion of energy efficiency.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

Denmark is one of the countries that use most bioenergy and Denmark claims to be a very successful country in terms of transition into renewable energy. However, it is a myth, because bioenergy is not renewable. Denmark bases its consumption on increasing import of bioenergy - much of which is coming from forests - causing increased global demand for wood and hence deforestation. Expansion of e.g. palm oil plantations destroys the rainforests and promotes land grabbing, since the locals lose their farmland or access to the forest. It increases the global land footprint, and it also results in lack of organic matter in the soil that would have helped decrease the climate footprint. E.g. burning straw instead of putting it back into the agricultural land means that the land captures less CO<sub>2</sub> and decreases in soil organic matter. To solve the climate and environmental crisis it is essential to focus on decreasing the level of consumption, e.g. by promotion of energy efficiency with organic insulation materials that have a low climate footprint when being produced compared with mineral wool. There is a huge potential to help solve the environmental crisis by supporting energy efficient measures and measures for decreased consumption.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

The EU should make a resource strategy supporting energy efficiency in buildings and promoting renewable energy. It should have a Common Agricultural Policy which redistributes funds to small-scale farmers. Moreover, there should be very strict requirements on what kind of agriculture can be supported, and conditionalities so that recipients live up to higher environmental standards. Funding for transition of farms is necessary as well because some farmers wish to change, but they feel stuck because sometimes they have a big debt. The EU had made a soy strategy, but so far it is not prioritizing proteins for human consumption.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

NGOs have limited possibilities for direct influence. We are invited to hearings, workshops and alike in the ministries, but in reality the decisions are made by politicians most often without taking into account the opinion of NGOs. Our organisation doesn't participate in committees. Our major role is to make public campaigns that make the general population aware of the EU policies e.g. through media and public debates and sometimes we get funding from the EU for that kind of activities.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.



Do not allocate money for fossil fuel projects and for huge, unsustainable infrastructure projects such as highways that promote increased car use.

Use the EU budget (e.g. Projects of Common Interests, PCI) for regenerative agriculture and renewable energy – not bioenergy! – and other useful projects that promote energy efficiency and reduced consumption: e.g. support public transportation and insulation of buildings (buildings use 40 percent of Denmark's energy consumption) with organic insulation.

Here is a critique of Rockwool about their methods of building insulation and the existing construction methods – and showing alternatives (in Danish): <https://klimastemmer.dk/byggeri/>

See also a letter from 100 NGO's regarding unsustainable PCI-investments in gas (in English): <https://noah.dk/nyheder/europaeiske-organisationer-og-grupper-siger-stop-nye-gasprojekter-i-eu>

Bioenergy is very harmful; in Denmark 6 billion EUR foreseen in the climate plan to be used for bioenergy should be used for other purposes.

The following pages – as well as the background material on the pages – explain more in detail why bioenergy is harmful:

<https://noah.dk/nyheder/fjern-afgiftsfritagelsen-fra-biomasse>

<https://noah.dk/klimavalg/energi/klimaregnskab>

<https://noah.dk/klimavalg/energi/biomasse>

The climate and energy strategy of the EU promotes a transition to renewable energy, however bioenergy is a major component of that. Since it is not a renewable energy it is a false solution.

See also the documentary: 'BURNED – Are Trees the New Coal' (2017) by Lisa Merton and Alan Dater."

The EU budget proposal for the Common Agricultural Policy (CAP) foresees a 25 percent cut in nominal terms for regional development (pillar 2) which would mean less money for transition to organic and away from animal farming. Concerning pillar 1: If there will not be stricter conditionalities in order to receive money for direct payments then it will continue to support large-scale industrial farming and animal production. There should be requirements for regenerative agricultural practices. Redistribution of the direct payments is essential in order to ensure that small, more sustainable farms can be kept. Small-scale farms preserve natural areas (they keep small biotopes), they ensure more jobs in the countryside, they use more regenerative agricultural practices that build up the soil, they use a greater diversity of crops and less industrial farming methods such as pesticides and huge machines on monocultures.

The best the EU could do would be to diminish the support for animal production including fodder: the production of animal products takes up 73 percent of the EU's land footprint: <https://www.foeeurope.org/true-cost-consumption-land-footprint-report>

See our letter (attached) to the Members of the European Parliament with recommendations and get inspiration also here: <https://www.foeeurope.org/issues/34/publications>

Concerning soy: prioritise support for plant proteins for human consumption. For recommendations see: <https://www.foeeurope.org/soy-alert-protein-plan-221118>

The EU should not fund research in GMOs:

[https://ec.europa.eu/research/biosociety/pdf/a\\_decade\\_of\\_eu-funded\\_gmo\\_research.pdf](https://ec.europa.eu/research/biosociety/pdf/a_decade_of_eu-funded_gmo_research.pdf)

For a critique of the new GMO's see e.g. the publications of Friends of the Earth Europe: <https://www.foeeurope.org/issues/35/publications>

Trade: Now the EU focuses on securing access to resources through its free trade agenda, however it is through a free trade agenda/liberalization agenda that deregulates legislation that protects nature and people. The trade policies – association agreements – promote access for big investors and companies. The idea is to give them as much access as possible, however it promotes overconsumption and undermines nature and peoples' right. See all the examples of land grabbing e.g. at Friends of the Earth International or Survival International homepages. The firms can use the ISDS mechanism to sue states. See Friends of the Earths ISDS campaign.

The EU's Global Strategy is going towards more money for the military while promoting increased tensions through its "free" trade agenda. For more info, see: <https://www.foeeurope.org/Trade>

The EU still provides money for new nuclear energy development (<http://ec.europa.eu/euratom/ar/last.pdf>). This puts nature and people at risk.

Regional development policies: More should be distributed to Eastern Europe to have less inequality and more equal income. This would result in less migration from Eastern Europe to Western Europe and hence people do not have to move in order to earn and then anyway send money back home to their family.

The EU should promote the changing of the financial system – a different monetary system and financial policy would more create social justice and reduce the pressure on the environment. See e.g. [change-finance.org](http://change-finance.org).

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

E.g. the EU should actually monitor its nature policies, which are actually good, but not implemented, as they are disregarded in reality by the member states and by other EU policies. The EU should also ensure that the CAP funding is not used to expand industrial agriculture/factory farms, which has been the case through pillar 2.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

For the direct payments in the CAP there could be conditionalities for the method of agricultural use – a criterion to compost and other things which create rich soil. It is very important to build up nutrients in the soil. Less pesticides and more biodiversity in the soil. Conditionalities for animal welfare, e.g. for grassing, could also potentially help transition away from animal factories and less animal production.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: **Yes**

B: No

C: Don't know/undecided

It depends on the degree, but the EU should definitely have sanctions otherwise it would not function. If there are no sanctions, countries will breach the laws by saying they would be more productive and competitive if they do.

15. Do you have **any other comment** on future EU climate funding in your country?

The EU could also promote funding for municipalities to promote local food policies that would promote local consumption of food based on regenerative food practices. The agricultural support primarily goes to the producers, but the consumers also need to change their behaviour in order to increase the demand for more environmentally friendly and social products.

# Estonia (1)

(written response)

## Part A: About You

Your name:	Juhan Telgmaa
The name of your organisation/institution:	Estonian Society for Nature Conservation
Your country:	Estonia
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	Yes
Place and date:	Tallinn, 24.01.2019

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

Our main focus is on biodiversity. In climate financing we follow common positions of the EEB.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

Being a part of working groups preparing strategies, action plans and decisions in that matter, holding account in Sustainable Development.

Your role at the EU level:

A Member of the EEB

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

The peculiarity of Estonia is its overwhelmingly huge CO2 pollution by its domestic oil-shale based energy production. The progress of reduction of this kind of pollution needed big investments. The EU funding has covered remarkable part of this.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

It is utmost necessary to analyse honestly the environmental impact of big infrastructure projects like Rail Baltica in Estonia. The actual version of that project is based only on political preferences not taking adequately into account environmental impact. The cost benefit assessment is based on purposely chosen overestimated input data and therefore it is not trustworthy.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion		V		
Energy efficiency		V		
Clean mobility	V			
Green technologies		V		
Sustainable agriculture		V		
Biodiversity			V	
Energy production			V	

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

See p. 3.

Low value-for-money: poor practice:

Underestimating the potential of NGOs and poor funding of their efforts derived from that.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

The program of reducing the need of heating of buildings should have much more extent and pace.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

I cannot say the numbers, but my estimation is that in any kind of projects the climate aspect (at least as aspect of gender equality) has been taken into account.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

Overwhelmingly most important is transition of the oil-shale fossil energy to the renewables. There are huge resources for sea wind parks, solar and bio.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

I have practically all the necessary info.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

I support the common position of the EEB.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

That is the matter of democracy – the matter of proper and honest involvement of civil society organisations. This the only guarantee against the frankpledge of the all level bureaucracy from local governments up to the European Commission.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

A: Yes, setting conditionalities is essential:

**B: Yes, conditionalities are important:**

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

Conditionalities are essential and important, but there must remain some space for flexibility due to the circumstances, which were not possible to foresee during the planning process.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

**C: Don't know/undecided**

Please add your reasoning for your choice.

There can always occur circumstances not foreseen during the planning period.

15. Do you have **any other comment** on future EU climate funding in your country?

(Un)fortunately we have general elections in March. The predictable outcome is not inspiring and probably will not speed up the necessary transition towards clean energy.



# Estonia (2)

(written response & interview)

## Part A: About You

Your name:	Tuuli Stewart
The name of your organisation/institution:	Estonian Association for the Club of Rome
Your country:	Estonia
Your phone number: +	
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	Yes
Place and date:	Tallinn, 30/05/19

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence) and your **(planned) activities** in the field including your engagement with climate financing and why it is important to you.

Average follower, on the “news level”.

It is important to bring the MFF awareness to our (NGO) communication and publications. There is a significant difference in the levels of discussions even on the government level between Western and Eastern EU member states.

2. Are you **engaged in lobbying/ advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

Being Secretary General of the local branch of the national association of Club of Rome I am representing national NGO which belongs to the network of international organizations – Club of Rome and EEB.-. I am also member of the board at Estonian Society for Nature Conservation.

Your role at the EU level:

non-existent

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

Eastern European countries are not taking advantage of those opportunities systematically, which the EU budget provides for them. NGOs have limited information and very limited access to government offices. A characteristic example is the UNEA-4, the High-level UN International Environment Conference (<https://www.conference-expert.eu/en/unea4>) governed by Ministry of Environment, Estonia. There have been no articles, no information, no access to documents here for 2,5 years even though offices worked, money was spent, thousands of kilometres flown (it was held in Nairobi, Kenya) and the EU budget also contributed to this event.

Rural areas are budgeted vastly differently compared to the capital county of the country that holds alone nearly 80% of the investments and economic turnover. This contributes to the depopulation of the countryside. Bigger and more connected places are more capable to get money, and this is draining away people and resources from rural areas. Estonia has become almost empty with the exception of a few towns. Already nearly 45% of the population lives in the capital, the government keeps closing smaller hospitals and schools. Human capital, resources, information – everything is gathered in a very few places.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

The EU assessment needs to go directly to NGOs as well besides government. Currently, the government receives information from the EU about funding opportunities, but it is not channeled to the local governments sufficiently, neither to NGOs. Decisions are made up already on the government level, little if any could be discussed from the point of local interest. , The current government of Estonia clearly denies climate change, overlooked are problems in agriculture, plastic waste, etc. Social-economic cause-effect relations are not analysed, the sustainable national development plan which was created in 2005 is not implemented even though it remains in force as a decision of the Parliament.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country? – mostly on paper

	To a low extent	To a medium/ an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion		x		
Energy efficiency	X			
Clean mobility		x		
Green technologies			x	
Sustainable agriculture	X			
Biodiversity		x		
Other (please add) – sustainable socio-economic development	X			
Other (please add)				

6. Please give examples of where EU funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

There are nice examples on a project level, but this doesn't change the overall picture.

Low value-for-money, poor practice:

There are numerous cases when the investment was implemented, but after that nobody used it. All the money, all the work was spent, but those places just remained empty. It seems that those who designed and who accepted these projects did not realize what is reasonable and what is not reasonable. There is taken advantage of the opportunity to get money even if the project is not reasonable. For example, some fish processing factories were built at Lake Peipsi and those are empty. On paper it looked good but in reality, never started to work. We built roads which a few are using; on some big roads built with EU money we have 10 cars per day.

Now we are planning two enormous questionable projects. One is a wall on the border of Russia, the other is the railway line Rail Baltic. We, NGOs went to court about this project against the government. We also turned to the European Commission and the European Parliament but both failed. Even when local people say that a project is not reasonable, this does not mean that it would be taken into consideration ([https://avalikultrailbalticust.ee/PDF/ARB\\_MMistakesRB\\_CBA\\_by\\_EY.pdf](https://avalikultrailbalticust.ee/PDF/ARB_MMistakesRB_CBA_by_EY.pdf)).

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

**Agriculture:** local small production in rural areas. We are living in a country with cold climate, so agricultural production is more difficult than in most other areas in the EU. The fact that we do not get enough funding for environmental agriculture is not only the fault of the EU but also of our government and lack of general planning for many years. Furthermore, our agricultural enterprises are generally small so it is difficult for them to get funding. In all post-Soviet countries trade unions, association and cooperation is weak, adjustment to capitalistic system is not adequate to compete with more experienced countries.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

From 2017, Estonia has the fundamentals of climate policy until 2050. UNEA 2017-2018 failed. In September 2019 the Prime minister is calling up a climate conference. However, it has been mostly not a real thing but forced upon by the EU rules.

E.g. the EP elections in Finland were focusing mostly around the climate and environment issues, but these have not been topics at all in Estonian elections. Local Green parties are not serious, not involved in governing. There is lack of education on the topic and how to implement solutions on governmental level, including the budget.

Club of Rome in Estonia has started a round of meetings with entrepreneurs and industry with the purpose to discuss sustainable strategic development of Estonia and possibilities to "talk" to the parliament and government about those topics. Participating are also government officials in those meetings.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

See above

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

It would be important to have one manageable database for links with information about funding, funding procedures for NGOs and about overall support. This is especially important for small countries because of limited resources the coverage in funds and networks is missing, fractal or hectic. The database which indicates also the sums would give an opportunity to NGOs to monitor and asks specific questions about spending and implementing the papers.

In Estonia, NGOS are invited to seminars where we are told how the money will be spent without any real chance to influence the process. In order to make smart proposals, NGOs should have developed links, networks, and experts. In Eastern European countries civil society is generally weak and underdeveloped.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

Club of Rome has issued specific documents about improving public funding in general (not specifically EU): <https://www.clubofrome.org/report/transformation-is-feasible/>

This could be used also to design better EU funding. If there is a place to address more specific proposals, CoR EU Group would do that in cooperation with Estonian association.

General proposal stems from the idea that instead of spending more money and spending faster, we should spend smarter, because today a lot of money is just wasted. As far as EU money is concerned, instead of giving more money to all of these projects, we should analyze better what is reasonable, what has added value, and do not damage the environment, do not cause social conflicts. The cause-effect understanding on large picture is not adequate so far.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

The project should not be only controlled whether they are according to the financial and other rules, but whether they are reasonable from the point of common sense.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

A: Yes, setting conditionalities is essential:

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Estonia does not meet 2020 targets. What have we learnt from that and how we improve the following steps? The government's strategy 2035 is a total failure to plan county's future.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

C: Don't know/undecided

In many sectors, the situation is worsening with EU funding, as conditionalities are weak and the existing ones are not enforced. Development, if applied unproportionally, is in some cases tilting the overall balance on the market or in the context of national development. Too much asphalt, empty "investments", project factories are not improving; Rail Baltic is a coming disaster, EU border is construction has been reconsidered, etc.

Seemingly free money gives jobs for a short time and leads to corruption.

15. Do you have **any other comment** on future EU climate funding in your country?

It is necessary to cut the blind funding described above. In a number of cases it is causing more damage than good. The same, however, applies also to NGOs that are created not because of the reason but just pretend to be. Even in Estonia we have plenty of those.

# Finland (1)

(written response)

## Part A: About You

Your name:	
The name of your organisation/institution:	(National environmental NGO)
Your country:	Finland
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	No
I agree that my replies be published with the name of my organisation.	No
Place and date:	Helsinki, 31.1.2019

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

We demand a thorough transformation of Finland and EU economies in a sustainable direction. We see public funds generally and the MFF in particular as key for this transformation.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

We follow climate-related funding of Finland in particular and EU both ourselves and through our European networks. As one of the largest Finnish NGOs we have a broad responsibility.

We are also participants in some LIFE-funded projects.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

Generally the picture is mixed. Also harmful projects and plans have been supported (e.g. Kaidi's biofuel plant in Kemi).

LIFE-projects in general (such as for the Saimaa ringed seal) have been very successful and important.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

The criteria must emphasise sustainability more, and investments must be compatible with reducing material consumption, phasing out fossil fuels altogether by 2040 and putting EU on a sustainable path.

The lax targets and requirements mean wasteful spending.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion		The promotion is invested in biofuels, and we think the sustainability regime is too low.		
Energy efficiency		+		
Clean mobility		+		
Green technologies	Support for green technologies should be reviewed.			
Sustainable agriculture	The sustainability of CAP should be strengthened			
Biodiversity			Very important dimension	
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

LIFE Saimaa ringed seal

Low value-for-money: poor practice:

KAIDI biofuel plant

Support for natural gas investments i.e. Baltic connector (fossil-driven)

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

Public transport, building sustainable local economies, recycling and small-scale circular economy activities.



8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

It does have a role. It would be strengthened by stronger sustainability criteria. There is no further space for fossil-driven investments. The bioeconomy also needs to demonstrate sustainability better and be in line with principles of cascading use.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

Support to activities, that are of high importance but don't mobilise private capital. Reducing material consumption etc. Building sustainable local economies. Transforming structures of energy and transport consumption.

Supporting the just transition is key, and people should have a say on how that works.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

We know contact persons but do not have the resources to participate.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

Funding of climate activities should increase to cover at least 40 % of the EU budget.

Climate conditionalities should be supported across the board. The budget should incentivise countries to overachieve on current targets (which EU environmental targets don't do that much).

The just transition needs support.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

We think the implementation is generally reasonable, but the supported projects are not always in line with EU climate and biodiversity targets.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Stick and carrot.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

**A: Yes**

B: No

C: Don't know/undecided

The waste of public funds is unacceptable.

15. Do you have **any other comment** on future EU climate funding in your country?

-

# Finland (2)

(written response)

## Part A: About You

Your name:	Tapani Veistola
The name of your organisation/institution:	Suomen luonnonsuojeluliitto (Finnish Association for Nature Conservation)
Your country:	Finland
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	Yes
Place and date:	Helsinki 23.1.2019

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I'm in monitoring committees and preparation processes of Finnish CAP, EMFF and Structural funds, so we take part in preparations in national level and in some regions (e.g. I myself in Uusimaa, which is the capital region). In most regions we have also seat in regional working groups even making decisions or at least giving their support to individual projects.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

I'm in monitoring committee and preparation processes of CAP, EMFF and structural funds in national level and in Uusimaa region.

Your role at the EU level:

I'm a member of the EEB Agriculture Working Group and I'm working with some other NGOs (Coalition Clean Baltic, Fisheries Secretariat) in EMFF (also in the Baltic Sea Advisory Council ExCom member). I don't have any co-operation in Structural Funds in EU level.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

The best practice has been earmark for low carbon measures in structural funds (nationally 25 %). It is monitored annually, too.

There is a guidance book Kati Berninger: Muutos vähähiiliseen yhteiskuntaan EU:n rakennerahastojen avulla 2014 –2020 (Ympäristöministeriö 2013).

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

Earmark has been essential in the structural funds: the target is a bit delayed but the government is working with it.

A guidance book was a good idea, perhaps more education for regions could have been important, too.

In Finland we have nowadays rather good partnership in preparation and monitoring, including eNGOs, too.

It is essential to include urban development in the Structural Funds, because the big things happen usually in the cities.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion			Structural funds	
Energy efficiency			Structural funds	
Clean mobility		Structural funds		
Green technologies			Structural funds	
Sustainable agriculture				CAP: Finland has comparatively strong Pillar 2
Biodiversity	Structural Funds		CAP Pillar 2, EMFF	
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

- Structural funds 25 % earmark for low carbon measures.
- In urban development 6Aika generated at least 35 good practical projects <https://6aika.fi/>
- EMFF paid a study about ecological compensations in marine habitats.

Low value-for-money: poor practice:

- In Structural Funds in North and Eastern Finland it was allowed to fund some infrastructure projects. Perhaps the worst environmentally is about development of air traffic in Northern Finland: <https://www.eura2014.fi/rrtiepa/projekti.php?projektikoodi=A74236>
- The Finnish CAP was poor for climate change, we try make more measures to the next one (especially peatland question, which is the main problem for climate in Finland)
- In the Finnish CAP Less Favored Areas payment makes a big part of Pillar 2 environmental payments with very low ambition level.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

In general, only Structural Funds have had progress in climate and energy efficiency measures, but CAP not so much yet. In EMFF this is not so important in our country, it is mainly biodiversity there.

In Finland green and blue infrastructure is not enough funded by EU funds.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

The earmark for Structural Funds low carbon measures was supported by national policies as well.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

In Structural Funds it is essential to have a new earmark for low carbon measures – and get it to CAP, too. In future CAP planning there is a theoretical earmark, but in the Government many people say that it doesn't matter -> more detailed guidance is needed by the Commission. The big climate change question in the Finnish CAP is how to stop opening new peatlands to fields.

EMFF doesn't have big possibilities in climate or energy targets. (We need now fishways to old hydropower dams which may decrease the amount of water energy a bit, but it is essential for migratory fish and WFD targets).

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

In national level we have best opportunities in Structural Funds, then EMFF (when it really starts) and in CAP we have one seat in one of three main Working Groups.

In regional level possibilities to participate are different from one region to another.

Our regional staff knows usually how to apply for EU money but there are some obstacles, as the amount of own funding (including slow payments from the authorities to NGOs, which can cause financial problems), the relationship with regional council

- in some regions they are proposing projects to us
- in some regions some old-school regional development bureaucrats think that “greens” are harmful for “real” development (they think that a motorway or a new factory are top results).

There should be possibilities for small NGOs to get funding even to writing of a proposal, because the projects seem to be bigger and bigger all the time.

We can take part in Structural Funds and others with funds with system of partnership, ex ante evaluations, monitoring committees etc. – but the biggest problems are in the funds without these systems, like energy money which KAIDI got in 2012 and these monies are big ones!

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

In general, the EU budget should be larger. Now there may be some harmful cuts, e.g. -15% of CAP Pillar 2 which is environmental money. This makes the space for new climate measures very narrow.

The results are highlighted in new programming period.

- That is why we need strong partnership regulations to keep NGOs in preparation and monitoring.
- We need strong criteria and indicators, ex ante and mid evaluations.
- We need technical assistance money to keep basic monitoring work running in Member States.
- Also, the Commission needs resources to check national programmes. Nowadays they don't have any more enough staff to do it properly. In some cases, in e.g. DG ENV most desk officers are responsible for many countries. In some units there is nobody who can read e.g. Finnish, so they must work by google translators. In addition, foreign desk officers lack „tacit knowledge“ and know-how about national situation and specialities.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

In Finland more education is needed to regional councils so they could identify better whether a project really is low carbon or not.

We have had some regional environmental impact assessment working groups evaluation applications -> this work should be spread to all regions. Also, eNGOs should be taken into these EIA groups.

The level of SEAs of EU financing programmes is sometimes very poor. Environmental specialists are needed to the consultant groups.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:



Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

Earmarks for environmental measures.

Wide partnership in planning, decision making and monitoring of funds, including eNGOs.

Coherence with EU and national strategies in environment, including Biodiversity Action Plan and PAFs (Prioritized Action Framework of the Birds & Habitats Directive implementation).

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

15. C: Don't know/undecided

Please add your reasoning for your choice.

Otherwise Member States are not taking conditionalities seriously.

16. Do you have **any other comment** on future EU climate funding in your country?

We need strong message from the Commission, especially to CAP that climate targets should be taken seriously. The biggest problem in our country are peatlands: when farmers are making bigger animal production, they turn peatlands to fields so they can spread manure from cattle there. We need ban of taking carbon rich lands to fields in CAP regulations.

In any case, the importance of LIFE in environmental projects can't be overestimated. However, nowadays the projects are so huge in LIFE that we need always governmental bodies in the projects to safeguard the national money.

In our country NGOs have wide access to justice in environmental matters. However, this doesn't cover funding decisions of projects. There should be some environmental „veto” possibilities to stop harmful projects for at least for environmental authorities. Regional EIA workgroups could have this „veto” for bad projects, but they don't have any legal basis now neither in EU regulations nor national level.

Monitoring committees are working mainly in „meta” level, taking note to statistical figures, not commenting individual projects. In addition, nobody has any clue about energy saved or emissions reduced in quantity in these projects; usually the evaluations are only qualitative ones (is this project low carbon or not?).

- Also, in regional levels there are groups (maakunnan yhteistyöryhmä MYR = co-operation group in the region) which can decide about the projects of structural funds and ESF. We have seats in most of them or in all of them, I'm not sure now. However, these groups see usually only a list of projects, not even summaries of them. This is going to be developed at least in the next meeting in the Uusimaa region. But in most cases the real power to approve or reject the project lies on the secretariat of MYR consisting only civil servants, not NGOs.

# Germany

(written response)

## Part A: About You

Your name:	
The name of your organisation/institution:	
Your country:	Germany
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	No
I agree that my replies be published with the name of my organisation.	No
Place and date:	Berlin, 15.01.2019

1. Briefly describe **your level of knowledge regarding the MFF (in one sentence)**, and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

Since September 2018, I'm working at a national environmental NGO advocating environmentally compatible design and thematic priorities for the ERDF for the funding period 2021 to 2027. Within the project our organisation will push the integration of environmental protection and nature conservation issues with economic development in order to meet the European objectives and the obligations of the Member States after 2020, particularly in the already established challenges of climate protection, sustainable resource use, preservation of biodiversity and expansion of green infrastructure. Additionally, I am working in a second project strengthening the standing of environmental and nature conservation organizations in Germany and fostering cooperation at European level advocating for environmentally compatible design and thematic priorities for the MFF2021-2027, especially the funding programs InvestEU and Connecting Europe Facility (CEF).

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

There are already some experiences with lobbying on climate-related funding at our organisation, especially with participating in the monitoring groups.

Your role at the EU level:

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

There are some good practice projects summarised at <https://www.bmu.de/themen/nachhaltigkeit-internationales/europa-und-umwelt/strukturfoerderung/#c18725>

Unfortunately there is no publication translated in English.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

One main problem is the participation of environmental NGOs, the cofinancing rates,

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion				+
Energy efficiency			+	
Clean mobility	+			
Green technologies		+		
Sustainable agriculture	+			
Biodiversity			+	
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

In Baden-Württemberg ERDF funds are only used for projects with positive environmental effects.

Low value-for-money: poor practice:

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

In the current funding period approximately 60 % of the ERDF are used within the priorities Energy Efficiency and GGW reduction. The introduction of the climate mainstreaming resulted in a decrease of funds of nature protection projects.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

It seems that EU funds and national funding compete with each other.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

Since 2000, environmental NGOs have to be included in the partnership agreement. In Germany, representatives from environmental NGOs are member of the monitoring groups. These groups meet at least once a year, prove the implementation of the programmes, and evaluate the progress. The monitoring group must comment on changes of the programmes. In 11 of 16 federal states in Germany, the participation of NGOs is an important tool to achieve the sustainable development requirements.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

Main demands for the current proposals

- At least 30 % of total EU expenditure, 40 % of ERDF projects and 50 % of Cohesion Fund projects must contribute to the achievement of both climate and biodiversity objectives. The remaining projects must not have negative environmental, health or climate impacts.
- Inclusion of an independent article on „Promotion of environmental protection, health protection and nature conservation” (cross-cutting objective environment)
- Binding target of at least 30 % for the thematic concentration of PO 2 also for more developed regions
- Complementing areas of intervention relevant to environmental protection, nature conservation and health care in the specific objectives for PO 2, e.g. promotion of ecosystem services or Natura 2000
- Promotion of investments in green infrastructure, including beyond urban areas
- Commitment to Strategic Environmental Assessment (SEA) during programme development
- Mandatory participation of recognised environmental associations in all programming processes and in the development of the partnership agreement.
- Exclusion without exception of areas of intervention with negative environmental and climate impacts (Article 6)
- Setting co-financing rates at 50 % for more developed regions, 70 % for transitional regions and 85 % for less developed regions

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

A: Yes, setting conditionalities is essential:

**B: Yes, conditionalities are important:**

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

15. C: Don't know/undecided

Please add your reasoning for your choice.

16. Do you have **any other comment** on future EU climate funding in your country?

# Greece (1)

(written response)

## Part A: About You

Your name:	
The name of your organisation/institution:	ECOCITY
Your country:	Greece
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	No
I agree that my replies be published with the name of my organisation.	Yes
Place and date:	08.01.2019

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

We are informed about the context of the new MFF proposal for the period of 2021 to 2027, put on the table by the European Commission (headings, instruments, structure, and legal basis).

The European Council had a first substantial exchange of views on the 2021-2027 multiannual financial framework (MFF) on the basis of a progress report by the presidency of the Council.

The aim is to reach an agreement in the European Council in autumn 2019.

In any case it is very important to know how the EU policy priorities and European added value are reflected in the MFF proposal and also what will be the proposed allocation of funds to different policy areas, having in mind the need for more climate actions. The EU budget is a vital building block for the future of Europe, and an expression of our values and aspirations. The negotiations on the next MFF will help us guarantee a stable and secure Europe to the benefit of us all.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

We are a national NGO registered under Greek law aiming at promoting sustainable and ecological values for our cities and settlements, upgrading in the same time citizen's life quality. We aim to strengthen the impact of European sustainable development policies into the Greek sectoral policies for a fair, just and sustainable world. We aim also to preserve the rights and responsibilities of citizens and organised civil society.

Your role at the EU level:

We work together with other national or/and European NGOs to ensure that European policies promote sustainable economic, social and human development, addressing the causes of poverty, and based on human rights, gender equality, justice and democracy focused on Urban Sustainability Affairs. We believe that Europe's funding for development should be fair, genuine, and coherent. A fair and sustainable world can only be achieved with the engagement of citizens. We believe global citizenship education is a key tool in creating an active global civil society.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

During the last period Greece is not only on track to meet the targets set by the European Union for 2030 on addressing the climate change, but also an important platform, called “The Climate-ADAPT Platform” has been created to support Europe in adapting to climate change. The Greek Green Fund and the Greek LIFE Task Force constitute the case study of the use of Climate-ADAPT Platform in Greece which has supported the preparation of EU LIFE Climate Action funding proposals at national, regional and local levels by using the Climate-ADAPT database, adaptation options and research projects.

The main advantages of past EU funding related to climate and environment are taken by an important LIFE project on capacity-building in Greece (LIFE14/CAP/GR/003), establishing the Greek LIFE Task Force (GR LTF), a public organisation supervised by the Ministry of the Environment and Energy (MEE) aiming at supporting the Greek LIFE national contact points. In this context several well organised events and seminars have been organised in the Greek regions which have promoted the LIFE programme and EU environmental and climate policy priorities, providing in the same time support to potential beneficiaries interested in submitting proposals fulfilling the requirements of the fund.

Given that the LIFE programme finances projects that have to add value to the understanding and implementation of climate change adaptation policies at EU level, the content presented on Climate-ADAPT and the functionalities available on the platform proved to be particularly helpful and suitable for establishing the basic background with respect to issues related to climate change impacts and the existing options for mitigating them. In relation to the guidance provided to potential beneficiaries, especially during the writers’ seminars conducted by the team, direct access to the state of the art in specific adaptation sectors was facilitated by the structure of Climate-ADAPT; in particular, the database and knowledge components of the platform allowed the GR LTF experts to be rapidly informed about particular climate change issues mentioned by the participants in each region, the potential soft, grey and hard solutions for responding to them, and any ongoing/concluded projects related to them. In addition, the platform gives the user the opportunity to explore the options implemented at different governance levels, locally, regionally and nationally.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

This was particularly important, as, in most cases, the regional and local beneficiaries were quite interested in specific problems experienced in their area, such as the salinisation of water used in agriculture, but were not so aware of existing solutions and similar cases in which these solutions had been implemented at regional or local levels, or of how to find such information. In such cases, the climate change expert from the GR LTF could work together with the participant in the database area of the platform, suggest some suitable keywords for filtering (e.g. ‘saltwater’, in this example) and explore together with the potential beneficiary the adaptation options provided; in most cases, the seminar participant was in a position to learn directly from material on the database even if, in the case of particularly technical terms, a translation into Greek would have made the material easier to understand. By performing this type of capacity-building exercise with the seminar participants, the GR LTF also gave them insights into how they could make use of the platform at a later stage by accessing the information sources for the options they were most interested in through the links provided in the ‘Reference information’ page for each adaptation option.

Although, due to its size, the database appears slow in showing searching results, shows delays in correspondence time, it is still an advantage to have all the relevant information in a searchable form in one place, especially for supporting the capacity-building processes of different users across cities, regions and countries. This has proved to be particularly useful when potential beneficiaries from regional and local administrations were able to define the problem but needed help identifying different options and similar case studies, rather than strategic approaches, to deal with the adaptation challenges they faced.



5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion				x
Energy efficiency				x
Clean mobility			x	
Green technologies			x	
Sustainable agriculture			x	
Biodiversity			x	
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Given that the LIFE programme finances projects that have to add value to the understanding and implementation of climate change adaptation policies at EU level, the content presented on Climate-ADAPT and the functionalities available on the platform proved to be particularly helpful and suitable for establishing the basic background with respect to issues related to climate change impacts and the existing options for mitigating them. In relation to the guidance provided to potential beneficiaries, especially during writers' seminars conducted by the team, direct access to the state of the art in specific adaptation sectors was facilitated by the structure of Climate-ADAPT; in particular, the database and knowledge components of the platform allowed the GR LTF experts to be rapidly informed about particular climate change issues mentioned by the participants in each region, the potential soft, grey and hard solutions for responding to them, and any ongoing/concluded projects related to them. In addition, the platform gives the user the opportunity to explore the options implemented at different governance levels, locally, regionally and nationally.

In order to assist the development of adaptation policies in Europe, the EU maintains a website, the European Climate Adaptation Platform (Climate-ADAPT). Climate-ADAPT enhances the sharing of up-to-date, reliable, and targeted information and data. It supports the development and implementation of adaptation policies across all levels of governance in Europe, for example by providing examples of adaptation options, case studies of implemented actions, and an adaptation-support tool.

Low value-for-money: poor practice:

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7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

In any case EU Programmes offer new opportunities to the people taking part in them, first, and to the rest of the European society, second. The people writing the proposals and implementing the projects get to come in contact with so many different groups. They get to see, first hand, what migrants are experiencing in this new society. When we talk about EU programmes, we usually think about Erasmus Plus and Horizon 2020, two of the biggest European Financial Frameworks. These programmes, as well as similar ones, focus on research, innovation and – personal and professional development of individuals. That alone is enough to help us understand why they have such a big impact on society.

Climate change risk or vulnerability assessments are available for 21 European countries, but more information is still needed, particularly on the estimated benefits and costs of different adaptation options. Another area that requires more research is the issue of how best to craft adaptation responses in the light of uncertainty concerning future climate change impacts, societal change, and the effectiveness of adaptation responses.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

The candidate projects are looking to spend more than €400 million altogether on actions to tackle climate change. This includes planned project budgets of over €230 million for Climate Change Mitigation projects, some €156 million for Climate Change Adaptation and nearly €20 million for Climate Governance & Information. The 124 proposals are requesting close to €200 million in co-funding from the LIFE programme to support much-needed work to reduce greenhouse gas emissions, build climate change resilience, and raise awareness or improve policy implementation.

But, LIFE programme remains the only EU instrument focused on the environment and climate change.

Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

The EU has to work more intensely to establish an economy-wide framework of legislation and initiatives that will allow the bloc to meet its 2030 target and drive the transition to a low-carbon, climate-resilient society.

Taking into account that all key legislation for 2030 has already been adopted, including a modernisation of the EU Emissions Trading System (EU ETS) and new energy efficiency and renewable energy targets, it is very important to ensure new 2030 targets for all Member States to reduce emissions in transport, buildings, agriculture and waste. New legislation has also to ensure that emissions from land use and forestry will be balanced out by removals aiming at reducing EU GHG emissions reduction of around 45% in 2030.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

It is important for us to work forward a European knowledge and innovation community, convening networks of expertise, to accelerate the transition to a zero-carbon economy. We believe that a decarbonised, sustainable economy is not only necessary to prevent catastrophic climate change, but presents a wealth of opportunities for business and society. EU has to make more in order to bring together partners in the worlds of business, academia, and the public and non-profit sectors to create networks of expertise, through which innovative products, services and systems can be developed, brought to market and scaled-up for impact.

On the other hand, EU has to make more efforts towards the cities sustainability as cities must be prepared to deal with the risks and impact of climate change by moving to more sustainable, zero-carbon and resilient 'circular' pathways. This is a major opportunity for the emergence of a new, sustainable market that can harness the creativity, skills and economies of scale that exist within our urban environments to produce systemic solutions.

As a third priority we have to mention the sector of sustainable production systems and circular material flows, which could help cities and regions transition towards carbon-neutral societies, by increasing product demand.

And finally, taking into account that agriculture, forestry and other land uses represent 24 per cent of global greenhouse gases emissions, second only to the global energy sector, we have to push EU to finance sustainable land uses projects.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

A: Yes, setting conditionalities is essential:

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

15. C: Don't know/undecided

Please add your reasoning for your choice.

A: Yes

16. Do you have **any other comment** on future EU climate funding in your country?

All proposed measures have to aim on the one hand to limit the damage from the future impact of climate change, and on the other to capitalize on the possible benefits that may exist in each case. These measures cannot be the same for the whole Europe and also for the whole country – they have to be different in each area and sector. Attica's needs are very different from those of Thessaly, and completely different from those of Crete. For this purpose, it is essential to propose and finance projects concerning basic infrastructure works in order to create favourable conditions for more sustainable cities.

# Greece (2)

(interview)

## Part A: About You

Your name:	Georgios Konstantinopoulos
The name of your organisation/institution:	ECOCITY
Your country:	Greece
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	Yes / No
I agree that my replies be published with the name of my organisation.	Yes / No
Place and date:	23.01.2019

1. Briefly describe **your level of knowledge regarding the MFF (in one sentence)**, and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I am an attorney at law. I am working in Athens, mainly on environmental and energy projects funded mostly by the EU, or other international organizations. I am cooperating with a company here in Greece, which is called Terranova – it is an environmental consultancy company. We have run more than 7 LIFE projects. On the other hand, I work as an EU legal expert of the European Commission on conformity checking in the Member States on transposition in the Member States of environmental and energy legislation. I am Head Legal Expert in an EuropeAid project, which is currently running in Georgia, it is on technical assistance in the waste management sector. I have worked in Azerbaijan, Serbia, many EU and non-EU countries, which are currently candidate Member States, or countries which have signed an association agreement with the EU either in projects funded by the EU, or in projects funded by the World Bank. I am also engaged as a Head of the Legal Committee of ECOCITY and was a member of the board for quite a few years. This is an environmental NGO in Greece, which is also a member of the European Environmental Bureau. I am also engaged in EEB as a member of the Air Quality Working Group, and I was formerly in the Industry Working Group.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

I am not engaged in lobbying.

Your role at the EU level:

I am not engaged in lobbying.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

I think that EU funding currently constitutes the main pillar, which actually assists implementation of EU policy, both in the sector of environment and in general, and also relating to climate change. It supports important initiatives, which have been taken at every level and it is one of the main funding instruments in order to apply relevant policies, because it is not that difficult at the end of the day to adopt Directives (of course, there are negotiations going on between the member states and the European Institutions), and it is not very hard to transpose these Directives in the legal order of the relevant Member States. I have been involved in that quite a lot. But the main question still remains: how shall the measures be implemented, and in order to implement them, financial resources are required. Currently the EU budget is the one, which mainly supports all these actions that have to be taken in order to implement the relevant policies and in order to achieve the relevant targets.

During all these years of involvement in such projects, I have not experienced any serious problems of corruption or mismanagement. I am sure that such problems existed in the past, but they were not so much about mismanagement. During past decades funds have been allocated to projects, which did not actually contribute very much to attaining the targets, for example theoretical studies or ghost sites, which were never used further. But I think that both the Member States and the EU have built upon the experience gained and now there are such safeguard clauses in place that do not allow for such incidents to occur. There is a very transparent selection procedure regarding the projects, which is very strict, and I think it should remain like that. All problems, which had been experienced in the past have now been to the largest extent anticipated and I have not experienced such problems. On the contrary, I would say, it is a very transparent procedure and I think the projects are very well focused on attaining the targets they should be attaining, because at the end of the day it is the money of the European citizens, the money that is being spent. I think this money is spent with caution, it is spent on the target, and there are measurable results that have been attained both at EU and national level.

A disadvantage which is very difficult to address is sometimes an extensive bureaucracy regarding the submission of a proposal, and sometimes also regarding the implementation, meaning that a large part of the project has to go to logistics and management of the project, but I think it is a safeguard clause in order to assure that everything is done legally and the money are spent on a cause, which is worth spending.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

I can assure you that in EU projects, at least in those in which I have been directly involved, the procedure is so strict, that it does not allow mismanagement or corruption in one way or another. There are clauses, which ensure accountability not only towards the national authorities, but also directly to the European Commission. There is continuous monitoring, continuous accountability, progress reports and I think it is almost impossible for corruption to step in in such projects. One might perhaps assume that there is corruption or mismanagement concerning projects or programs which are related to local or regional authorities, because each regional authority sets its own priorities, which might contain a level of bias, but this does not have to do with corruption, but with the priorities of this region. I think it is common in every Member State and all regions of Europe. Sometimes priorities might be set at a level, that will not prioritize the issues the way they should, but this is not an issue of mismanagement or corruption, it is mainly the issue of what you put first and what you put second. So, I would say that in general, specifically for Greece, corruption might exist in other sectors, but I would say that in the management of EU funds I could hardly imagine that something irregular could have happened.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion			x	
Energy efficiency			x	
Clean mobility		x		
Green technologies			x	
Sustainable agriculture		x		
Biodiversity		x		
Circular Economy			x	
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

There was a very successful project in Greece, to which the Greek LIFE Task Force has contributed significantly. It constitutes to a recent pillar for using correctly the EU funds and it has assisted very much both the public and private sector. There are examples, where I have seen really measurable results. For example, there is a project currently going on, it is in its last stage, which is called LIFE De-bag; it has to do with minimization of the use of plastic bags, which constitutes also a priority at EU level, and we have also transposed and implemented in Greece the relevant plastic bags Directive. The project in Greece focused on specific islands and now the experience gained and new policy instruments implemented through the project are being further utilized and developed by the Ministry and also there is large growing interest from other islands to replicate the various initiatives that have been taken under the LIFE Debag project. There is a significant positive impact and the Ministry has announced that there is a significant decrease in the use of plastic bags during the last two years, and this specific project has significantly contributed also to attaining this result.

Low value-for-money: poor practice:

I was not involved or heard about any project having such problems. What I can tell you is that I am not really sure whether local authorities have the capacities to run such projects. Sometimes what we receive as an input is that many times local authorities (not so much regional authorities, but municipalities) do have administrative problems in submitting proposals and of course running LIFE projects, mainly due to lack of administrative capacity and personnel.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Everybody, depending on where he originates from, what is her or his standpoint, will always wish for more funding for her or his own particular area. Perhaps more attention should have been paid to circular economy, although we were more or less aware of the problems, but of course we did not know at the beginning what we now already have in our hands: the new circular economy package and Directives, and the plastic waste strategy. I think that this constitutes a major challenge. This area is partially covered through green technologies and so on, but this was not sufficient.

To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

I don't have the exact figures, but I agree with what Eri Bizani has replied on this question. There is a considerable amount of money which is already spent, there is a National Climate Change Protection strategy and a framework; it is a real framework, which is fully adapted and in compliance with the relevant EU framework. The targets are being achieved and of course more and more things are being done towards this area.

Currently it seems that, apart from the structural funds, the LIFE Program constitutes the main EU instrument for environmental and climate change for many private and public bodies.

There are also other projects, that are running, and doing quite a lot regarding energy efficiency. There was a framework project also in Greece for climate change and energy efficiency, which has run for municipalities in order to advance their energy efficiency as a whole. From what I have heard it went quite well and results were really considerable.

The strategy for attaining the climate targets have been set both at EU and national level. A lot is being done, especially major projects regarding cleaner energy production. Of course, a lot remains to be done, and one has to take into account that Greece has some particularities, which are not present in the other EU Member States. For example, there is a problem regarding the energy network of the islands. There are currently quite a lot of projects which are taking place and which are planned for the upcoming years. It is a question how easily one can make a transition in the energy mixture that is currently being used in Greece. This constitutes a big challenge, and money has to be streamlined towards this direction. On the other hand, we are just at the end, hopefully, of the financial crisis, which posed specific challenges in having adequate funds in order to streamline them towards this direction. Of course, when you have a national fuel like lignite, which is a rather dirty fuel, the transition from such energy production to alternative energy production constitutes a huge challenge. Both the strategy and the whole idea behind it is to gradually strive towards a change in how energy is produced in Greece and how climate change could be tackled in order to go above the targets that have been set.

There are no subsidies for lignite, but when you have large amounts of lignite in the national territory and it is also very cheap, although its calorific value is relatively poor, especially the Greek lignite, one cannot ignore this parameter. In the middle of financial crisis, it is very difficult to think about large infrastructure projects and to strive towards a totally different energy production model. This is a process which takes time and needs money. Fortunately, there are subsidies for renewable energy sources. Also, there is a constant growth in the gas distribution network, which is gradually covering more and more of Greece's territory. At the beginning it was focused only on the major cities, but the network is growing more and more, and this will also contribute to adapting to climate change.



## Part C: Planning future climate funding

8. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

First of all, there should be more incentives for the use and promotion of renewable energy sources. Secondly, the country should be assisted in moving towards cleaner energy production, which means either upgrading the existing energy production facilities, which are currently dependent on the lignite or on petrol, like it happens on the islands. Also, it is important to connect as many islands as possible with the mainland. And finally, it is crucial to raise awareness of the public regarding energy efficiency uses in Greek buildings, and it is crucial to use incentives in order to increase energy efficiency in buildings. This is also a requirement of the relevant directive on energy efficiency. The largest challenge in this regard is the so-called NZEBs – nearly zero energy buildings, especially in Greece where the majority of the buildings are quite old. This constitutes a great challenge: how one could upgrade these buildings in order to minimize their environmental impact.

Another problem is that we have seen in Greece that many times there is public opposition regarding the use of renewable energy sources, which I consider more or less crazy. For example, we have experienced many problems on the islands and also on the mainland of Greece with wind turbines. As one can easily understand, especially on the Greek islands, where you have strong prevailing winds almost all year round, there is a great energy potential that can be made use of, which is much more friendly than the present operation of energy stations which are located on every island and which are dependent on petrol and mazut.

What is actually happening many times, is that public opinion considers that wind turbines might affect national flora and fauna, and especially there are concerns about the birds. Furthermore, this has to do with the aesthetics. Tourism constitutes currently for most of the Greek islands the main income source, so they are very reluctant in allowing wind turbines to be installed, because they consider that these will deteriorate the aesthetics of the island and this might have a negative effect on tourism. So one has to gradually strive to engage in integrated projects, and explain to the local population, both on islands and the mainland about the environmental impacts of energy production from traditional fuels versus the impact of the wind turbines and solar panels. There is also quite a lot of opposition against solar panels, as people consider that they actually deteriorate the landscape by their presence.

A significant part of the funding has to be streamlined towards circular economy targets, towards circular economy in general. This is the only way to go forward, especially for countries like Greece and Mediterranean countries, where targets that are attained are of course significant and in line with the Directives, but I think they will need particular help in the system in terms of funding, in order to achieve the 2025-2030 quantitative targets that had been set. Let us not forget that the Commission has recently issued an early warning report, including Greece, forecasting problems in the achievement of the quantitative targets of the circular economy Directives. Most of all, this is necessary in order to achieve societal change, behavioral change, which I think is always the most important priority and this is something we should not forget about and incorporate it in some way into the relevant priority areas in the coming framework.

We should strive towards behavioral changes, because this will accelerate very much the implementation of projects on renewable energy. We have seen that in many cases the environmental impact assessment is challenged before the court, which leads to an extensive period where nothing is being done (standstill period), waiting for the decision of the court on the specific issue. This is mainly by local environmental NGOs or by municipalities, or by specific citizens, who oppose to the construction of such projects. This leads to significant delays on the one hand, and constitutes the barrier for potential investors to be engaged in such projects on the other hand, because more or less they know their time schedules and plans, and when projects might lead to significant delays, this will affect their overall business plan.

9. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

One has to define this on two levels: one is the level of authorities, the local authorities, public institutions, regional and national authorities, and the other level is the private business sector. I think that they are well informed about the opportunities to participate in the planning, implementation and use of national and regional EU funds. Some local authorities might not be so well informed, but especially due to the big campaigns that are taking place, more and more of these sectors are getting really good information of what is available and how it can be run. On the other hand, citizens have knowledge mainly on issues that they consider will directly affect their personal space. So, I am not so sure whether they are aware of national, regional or even EU funding frameworks. They are usually aware about specific funding schemes, which are channelled towards individuals. For example, in Greece there was for two years a specific funding project for the upgrading of energy performance of buildings. It was addressed both to private companies, public sector and individuals. For such funding schemes they all do have really good information about how things are being done and what is available for them and how these funds can be used by them in practice. Also given the fact that these projects were run through the banks, overall there were quite extensive and detailed campaigns on how one can participate and gain access to such funding.

Based on the experience, which has been gained through the application of relevant funding programs, by now, especially regarding individuals, things have been simplified very much and given the fact that banks are involved in the whole procedure, they take over a lot of the bureaucracy and administrative burden, which is needed in order to gain access to such funding. The whole procedure is quite easy to be followed even for an individual who does not possess detailed and specific education on a specific issue. I think it is at a really good level.

What can be a problem regarding the local authorities, there are times and there are local authorities, which lack the administrative capacity and infrastructure, which is necessary in order to engage in such projects. Sometimes they do not have the capacity even to develop a proposal and submit it, and this, of course, could become a problem.

In some cases to some extent, but I am sure that this is a problem in most of the Member States, especially regarding local authorities, also the elections play a role, because there is a time overlap between the submission of the proposal and the actual implementation of the project. So there are some instances when, for example, if somebody is considering to apply this September for a LIFE project, he might be reluctant in doing so, thinking that the potential gain of the project might be very well delivered to the next mayor which will be elected next May.

Overall the information which is available is quite adequate for everybody in order to make her or his planning and proceed to her or his actual plans from thereon. Also there are structures like MOD, it is a unit of financial management of community funding sources, which tries to assist and operates as a help-desk for municipalities in order to help them engage in projects which are related to waste management, to energy efficiency, to climate protection, and it actually operates as a state consultant, which assists municipalities and local authorities in general in gaining access to structural funds.

10. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

First of all, one has to maintain the benefits that were already gained from the previous period and utilize the experience which has been gained. Perhaps at some level bureaucracy could be minimized, i.e. there could be some fine tuning in this in order to minimize the managerial aspects of the projects, of course, without jeopardizing transparency and correct use of the resources. On the other hand, it is necessary to better channel the funding to the main EU priorities. For example, energy efficiency and waste management constitute the most important milestones and pillars, according to my personal view, so renewable sources promotion and energy efficiency must be a priority. Circular economy should also constitute a pillar to which the more resources have to be channelled.

I am not sure whether the citizens of each country have very concrete idea of the overall impact of the EU and EU funding towards a cleaner environment and against climate change. So, I am not sure whether the citizens of Europe, not only Greece, but also in other EU countries can see the problems now in Great Britain related to Brexit, EU should ensure apart from the funding also the visibility of this whole issue, since I am not sure whether people actually understand and appreciate what is being done by the EU for the Member States. Visibility should be much better, it should not be only focused or restricted to just putting a plate on a building, or just putting a simple sign/logo on a road or a website. People need to know better what the EU is doing for them, therefore I think that part of the money needs to be channelled there.

11. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

I think the present system works fine, small modification or small interventions are always possible. Of course, one could improve some of the forms, or some of the detailed parameters that are linked to that in order to minimize bureaucracy, but I think these are relatively minor. It is progressing very quickly, not year by year, but week by week, so there are more and more applications available, which can increase the speed of the whole procedure, avoiding duplication of submission of information, avoiding bureaucratic procedures and maintaining procedural rationality. I am sure this is looked into already and for the period 2021-2027 things will be even better. I am sure that the monitoring and control will progress effectively also during the next period, too.

12. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

A: Yes, setting conditionalities is essential:

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

I think that the public authorities are much more competent in replying such a question than I am. But I think that conditionalities, as they are also now, must actually be focused on actions, on policies, on legal instruments, so that everything else that will come afterwards will be allowed to build up upon and to go on to the next level. I am sure that the relevant conditionalities will be set at a level of procedural rationality, that there are steps that need to be followed and given that one step follows the other so you cannot omit the step. These steps have to become conditionalities, so that the new funding will be accessible.

13. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

C: Don't know/undecided

This is very subjective answer that I will give you. Given that I am Greek, I would never say that it is a best scenario. I think that one has to take into account, that Europe needs more understanding, solidarity and it needs less sanctions. I think that it is more or less understood both by the International Monetary Fund (IMF) and EU, that Greece currently has undergone a prolonged severe financial crises, it has lost more than 25% of its GDP during the past 8 years. Potential malfunctions, all potential drawbacks, lack in funds to implement specific actions should be addressed with understanding and solidarity. This does not mean that they should not be rectified, but certainly they can be agreed upon with the public authorities of the country, and I am sure, that through a very sincere dialogue one can actually establish conditionalities, which are actually realistic and can be reasonably implemented by the country given its financial situation. Certainly, one can easily establish conditionalities which are attainable and realistic. I am sure this will be the case also for the coming framework.

14. Do you have **any other comment** on future EU climate funding in your country?

I consider what you are doing in this project a very significant and important task. I am certain it will be actually taken into account during the formulation of the next MFF 2021-2027. Overall things are quite varying in the different Member States, each Member State has its own restrictions, its own challenges that it has to face, and has its own demons it has to overcome. I am sure that by taking into account the views of national experts and representatives gives a very important and essential insight and feedback towards the European institutions in developing a very solid and effective new MFF.

# Greece (3)

(interview)

## Part A: About You

Your name:	
The name of your organisation/institution:	
Your country:	Greece
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	No
I agree that my replies be published with the name of my organisation.	No (see Note)
Place and date:	14 March 2019

Note: I gave the interview in my personal capacity and not in the name of TI Greece.

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

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2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

<p>Your role in your country:</p> <p>From 2009 till 2017 I was a researcher for EU funded projects for Transparency International Greece and for other member organisations of Transparency International, for example, Transparency Romania. As from the end of 2017 I am the Chair of the Board of Transparency International Greece, and during my term now we have submitted proposals for 2 projects, which got approved by the European Commission, and we have started working with them. Meanwhile, one other project also funded by the European Commission has already started before I became the Chair of the Board at the beginning of 2017.</p> <p>90% of the projects of Transparency International Greece is EU funded.</p> <p>Your role at the EU level:</p>
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## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

My country joined the EU at the beginning of the 80s, and it is obviously one of the recipient countries, it is not among the donor countries and admittedly has benefitted a lot horizontally at all levels from various funds of the EU. This is not something new that I am telling you, this is something which is known worldwide. Whether we had made the best use of such funds is another question.

I am not an expert in environmental issues. I am aware as a citizen that the EU has also invested in Greece concerning environmental issues in general, but I can't give more details on that.

I think that conditionalities attached to EU funding has often not been checked very carefully by the EU whether they have reached the target and whether the purpose, which was foreseen was realized. For example, a lot of funds were given for transforming agriculture in the country. Apparently, after decades people in the rural areas have been receiving funds, and they should have changed their agricultural model, effective reform has not been achieved yet, and despite the large amounts of funds that were consumed. This is probably also due to the not proper follow up by the EU of the destination of the funds.

In regard to innovation and research, I think that EU funding helped a lot. Also, quite a number of enterprises benefitted from investments carried out with EU money.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

OLAF reports say that Greece is among the countries that score quite high in fraud, I don't know whether it is higher in Greece than in other countries, as fraud exists in all countries, in all sectors, concerning EU funding. The question is how effectively EU funding was used with regard to value for money. As I told you before, Greece has benefitted a lot from the EU money, a lot of reforms, innovations and infrastructure came with the EU funding and also the private sector benefitted a lot.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion				
Energy efficiency				
Clean mobility				
Green technologies				
Sustainable agriculture				
Biodiversity				
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Low value-for-money: poor practice:

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

Money is never enough, of course, but I would again mention the follow-up because the EU has very fair targets, but in some cases, the follow-up is not sufficient. For example, sometimes the EU might fund a railway, so the EU gives the money, the railway is constructed, but next to the railway there is a road, on which it is much faster to go by car than taking a train. At the end this railway is not properly used, it is not a prosperous investment. Sometimes the cost-benefit analysis is not really effective.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

The rules are crystal clear, and citizens and NGOs can definitely participate, and many benefit from EU funding, the applications are quite straightforward. Sometimes they are not very easy and require a lot of documentation, but the country has experts in that regard now.

Obviously, of course, some big interest groups may affect the planning of EU-funded programmes, and they obviously do related lobbying, but I am not aware of specific cases.



A widespread discussion that has been is how to bring citizens closer to designing the allocation of the EU budget, and how to make citizens feel their needs and ask the EU to satisfy them. From time to time we see some public survey asking citizens to answer where would they like the EU money to be invested, but this is quite occasional and not structured by the EU. Concerning the allocation of the EU funding, I don't think that the EU has reached the everyday citizen yet. And this is something they have to do, in a structured way.

12. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

Apart from asking the citizens, better efforts should be made to reach the everyday citizen in regard to how the money is allocated in each period. This is an effort that the EU should make, in plain words and plain pictures, but if the everyday citizen knew exactly where they money went, I think the EU projects and vision as a whole would be more successful.

13. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

Monitoring should be improved. I think after they close the financial report, they should come a few years later to measure the impact. For example, in 5 years they should come and ask what was the impact of your project, who used your investment, was it finished, concluded and put on a shelf? Or some government, some organization, you yourself took it and actually implemented some changes on the basis of the research. This is what I mean under follow-up.

14. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

A: Yes, setting conditionalities is essential:

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

15. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

C: Don't know/undecided



Please add your reasoning for your choice.

There should be sanctions in a form of reimbursement of funds to the EU, if the impact was not achieved. You should look for the benefit of the EU funding, but you should also be responsible for making it work.

The general policy of the government should be in line with the EU targets and strategy. The EU legislation should be transposed by each and every member state. EU funding should go along with legislation and its enforcement.

16. Do you have **any other comment** on future EU climate funding in your country?

# Hungary (1)

(written response)

## Part A: About You

Your name:	
The name of your organisation/institution:	(national NGO)
Your country:	Hungary
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	No
I agree that my replies be published with the name of my organisation.	No
Place and date:	Budapest, 2018.10.26.

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

10 years ago I worked as an expert for NFÜ (National Development Agency) dealing with allocation of EU funds for social, educational, health and labour force programmes. Our organisation is a member organisation of a European NGO which has been dealing with the MFF from a gender point of view. We are not engaged in climate financing issues, but I have certain opinion about the issue which I describe below.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

Our organisation is not involved.

Your role at the EU level:

Our organisation is not involved.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

### Advantages.

A number of investments funded by the EU budget in Hungary had very positive effects both for the climate and women. For example, a lot of bicycle infrastructure has been built, and there is an increasing number of women using it. Even older women started biking due to these developments.

Investments into energy efficiency of buildings financed by the EU has been also very useful for both the climate and women, too.

### Disadvantages:

Although the projects financed by the EU can be approved only if the horizontal priorities are implemented, these remain often very formal/superficial.

EU money has been often misused to sustain the existing obsolete institutional systems and not for innovative new developments.

Too much money has been spent on asphalt and concrete (e.g. roads, new buildings), and too little on human resources, e.g. developing women's skills, and protecting women from violence (in Hungary, it is estimated that about 400,000 women are subject to intimate partnership violence, who receive no or insufficient special services).

A lot of money has been spent on environmentally harmful activities (e.g. motorway construction, oversized investments, meat production), while too little money for social help to poor women and for the child care system which would help more and more women to get a proper income. The latter, together with other measures, could have the result that less people would use very polluting and climate-damaging heating materials. And improving child care system has a close connection with women's education and employment: as employing one more nursery school teachers means that 6-8 more mothers can enter the job market.

According to my experience from the beginning of the EU-membership of Hungary, the use of EU-funds has been interlaced with corruption. Working for a proposal writing company as an assistant, I found that those applicants had a much bigger chance for getting funding which did not really need it. The funding system didn't control effectively whether the planned project of the applicant really needed the support or not, so the money they got was often used for paying a certain percent to the company writing the application, and sometimes to the decision-makers, too. This way the EU funds rather supported the existing system instead of contributing to new, maybe experimental developments.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

There has been very little or no control over whether a company really needs EU or state funding and whether this funding is really used efficiently. All this is also one of the main causes of systemic corruption. This way a lot of money is wasted which could be used for climate protection.

EU funding aimed at solving certain problems are often allocated to a company which has had no experience whatsoever on the topic concerned, and a large part of the money is simply used for other purposes (i.e. practically stolen). For example, see:

<https://iphigeniablog.wordpress.com/2017/03/08/navigare-necesse-est/>.

Often EU money is used to strengthen organisations which are close to the government, irrespective of the experience and expertise of the given organisation on the topic. The result is very inefficient and, in a number of cases, even damaging use of money for purposes which, in principle, are very positive, e.g.

<https://merce.hu/2018/12/08/dicseretes-elegtelen-igy-vizsgazott-a-kormany-a-noket-ero-eroszak-elleni-fel-lepesbol/>

Quite a number of similar cases are described on the website of investigative journalists atlatszo.hu. i.e.: <https://blog.atlatszo.hu/2016/06/korrupcioinfo-558-millio-forint/>, or for example in HVG.: [https://hvg.hu/kkv/20180313\\_eu\\_tamogatasok\\_visszaelesek\\_korrupcio\\_transparency\\_nfu](https://hvg.hu/kkv/20180313_eu_tamogatasok_visszaelesek_korrupcio_transparency_nfu)

6. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion	x			
Energy efficiency	x			
Clean mobility	x			
Green technologies	x			
Sustainable agriculture	x			
Biodiversity	x			
Other (please add)				
Other (please add)				

Although there have been quite a number of positive examples of EU funding for these purposes, but these are dwarfed by the enormous support to environmentally harmful activities, and EU funding greatly contributes to sustaining governments which carry out such policies.

7. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice: See the examples above.

See response to q. 5.

Low value-for-money: poor practice: See the examples above.

See response to q. 3 and q. 4.

8. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

In my opinion, the most efficient use of EU funds for the climate would be financing education, awareness raising, health care, social investment, including woman and child protection as well as independent NGOs. Unfortunately, very little money has been spent on these purposes. Local developments in these areas are very important.

9. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

I do not know about any such relation. As far as I know such a strategy exists only on paper.

## Part C: Planning future climate funding

10. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

In my opinion, by far the most important task to limit global warming at 1.5C is awareness raising and education. EU money should be used first of all for this purpose. An indispensable part of this should be the strengthening of independent media and civil society organisations so that they could inform much better and much more widely about the environmental and social consequences of climate change and the possible solutions.

A grave problem in Hungary, especially in underdeveloped areas, is early school leaving (which is caused partly by the fact that the state reduced the age of compulsory learning in schools). It is extremely difficult to raise awareness among such people.

11. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

We are not involved in such programmes. Before 2010, our organisation had been invited to participate in related meetings. I was even a member of two monitoring committees representing our organisation. However, we had no influence on the decisions, and on quite a number of occasions the decisions contradicted our proposals, and, in my opinion, EU's aims.

12. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

Much more money for social aims, women, civil society organisations, education, health, awareness raising etc. and much less for physical infrastructure, except for housing, connected with special social programs for those living in very poor circumstances, and for homeless or vulnerable people. Only those projects should be financed, for which the costs of long-term operation and maintenance can be covered, too. The raising of salaries of people working in education and health care should also be considered as development eligible for EU financing, because if highly qualified people stop working in these areas (and this often happens nowadays), all other investments there will become useless.

13. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

More effective controlling measures and mechanisms should be implemented. It is important to point out that environment and women (and children) are the invisible external resources exploited by economic “development”, and that EU funds have to be the main means for compensating damages caused by these processes.

Independent institutions must control the use of EU money, and sufficient capacity must be ensured for this. Civil society organisations and the independent media (especially investigative journalism) should be greatly strengthened.

14. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

In terms of general conditionalities I think the financial mechanism needs to be revised. The rule of law must be one of the main conditionalities. There should be strong anti-corruption mechanisms in place in the country receiving EU funding.

15. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

**A: Yes**

B: No

C: Don't know/undecided

Please add your reasoning for your choice.

The laws are obligatory for everyone. If a government does not abide by the laws, it should not be financed. If EU money is not disbursed for such a government, at least part of this money should be used to support independent institutions/organisations controlling the government.

16. Do you have **any other comment** on future EU climate funding in your country?

# Hungary (2)

(interview)

## Part A: About You

Your name:	András Inotai
The name of your organisation/institution:	See Note.
Your country:	Hungary
Your e-mail address:	andrasinotai@yahoo.com
Your phone number:	+36302807800
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	Yes
Place and date:	Budapest, 14.11.2018 Updated: 22.08.2019

### Note:

I am retired Director of the Institute of World Economy of the Hungarian Academy of Sciences, heading the institute for 20 years. It is an academic institute based on theoretical research but with highly policy-oriented activities. I have been dealing with the global and European Union development in a rapidly changing environment and EU internal challenges as well as experience of the new member countries in the EU. I am not an environmental expert, I am an economic policy-oriented academic person.

I am member of several Hungarian and international non-governmental organizations and institutions, including the advisory board of the Bertelsmann Foundation, the Academic Council of the College of Europe, Bruges-Warsaw, and member of the scientific board of the Foundation for European Progressive Studies (FEPS) in Brussels, which is associated with the Socialist and Liberal party groups in the European Parliament. In addition, I am member of the editorial board of more than a dozen economic journals published in various European countries. My professional activities over decades have been awarded by several Hungarian and foreign distinctions.

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing.

I have not dealt specifically with environmental issues related to the EU budget. However, whether politicians like it or not, everything is highly multidisciplinary and interdependent, and no economic policy decision can or should be taken without taking into account the non-economic impacts, be they environmental, social, regional, political, institutional, etc. In that sense, environmental issues and particularly global development in the environment is definitely playing an increasingly crucial role on how to shape the future of mankind. It is not just an EU issue, it cannot be fragmented or only focused on the EU. It is an absolutely global challenge that needs global management and, in an optimistic scenario also global solutions.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

I am not engaged in direct advocacy, but I have expressed my opinion on EU funding in interviews and reports.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country?

Many people, including politicians, let alone the corrupt Hungarian government, only emphasize that the exclusive interest of Hungary in the EU is to get as much money as possible, nothing else. In my opinion, full-fledged membership in the EU, including decisions on environment policies, is much more important than the money we receive. But nobody is taking this seriously. Hungary has vetoed several EU decisions relating, for example, to China and Africa, which have environmental aspects, too. The Hungarian government often does not take into account the EU legislation, this is verified by several concrete cases. This one-sided approach that we need only the money from the EU in my view is very wrong and a very negative approach, even if EU money is really important.

Hungary became a full-fledged member of the EU funds and budget in 2007, not in 2004, because at the moment of accession the EU already had a 7-year multiannual financial framework covering the period between 2000 and 2006. As a result, the money was already distributed, and the space open for major redistribution within the given period was extremely limited. Between 2004-2006 we got around 1 billion EUR each year. However, we have been at the table as full-fledged member, when the next multiannual budget (2007-2013) was negotiated. Therefore, from 2007 we got on a yearly average 3.5 billion EUR. This does not include the Common Agricultural Policy which is about 1 billion and some cross-regional cross-border projects of the EU which are financed from another funds. On the other hand, we have our obligation to pay our fee of annual contribution, which is again around 1 billion, so the net amount is practically what is coming from the structural funds.

This offered a historical chance for sustainable modernization, a big jump forward, which remained mainly unused. And not only unused, to some extent misused. Just in strict economic terms, if you get 3.5 billion EUR per year, which is about 3 % of the Hungarian GDP, if nothing changes, you must have had 3 % growth annually in the last more than a decade. Where is it?

All this means that this money had other impacts instead of generating real additional growth. There were 3 major problems with the money: 1) On many occasions the public procurement process did not follow the EU rules. 2) What is widely used is overpricing. This is not unusual in other countries either, so up to 5% this is tolerated, and the European Commission closes its eyes. However, if you have an overpricing of 60-70% which had been the case a number of times in Hungary, it cannot remain without consequences and should be (should have been) punished. 3) The money is taken, the public procurement is all right, and then the money is used for a completely different purpose.

There have been many serious misuses of the money in Hungary, and I am very surprised, that the EU until now was unable to start a rigorous examination process. Several times it was found that there is a fraud, but there were no serious consequences till now.

A large part of the money should have been spent on improving the competitiveness, especially of the Hungarian SME sector, which definitely didn't happen. The money for enterprises went to a small inner circle of the government and party people, who have absolutely no idea how to run a competitive firm. A large part of the money has been misused, and has disappeared, enriching private wealth. How this money can be taken back? It's an open question. A large part of the money left the country to some tax paradises. If you look at the 23 billion EUR, in the 7-year period between 2014-2020, then you can easily find that only a small part has really financed the Hungarian modernization or the different objectives which have been set as priorities by the European Union, including environmental, social welfare, human infrastructure, public administration, etc.



4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

In order to start the next (2021-2027) approved EU budget in 2021, the latest it has to be approved in April 2020. If this does not happen, the last budget will continue in the subsequent years, but let's hope, the new budget will be ready. Hungary is expected to get 21 billion EUR, which is a bit less than during the previous period, but still a huge amount of money.

But I find it completely mistaken the short-sighted and narrow approach of using the 100% of the money as the only priority. Of course, in principle, this might be very good. But my question is, what is the level of efficiency how we use that money? If we use only 80%, but more efficiently, it is much better, than to use 100% with a very low level of efficiency or even misuse it.

The EU should control much more directly the spending of this money. I would really curtail and seriously limit the so-called national competences. It is European money, EU taxpayer's money, it is not the Hungarian taxpayers' money, it is German taxpayers' money, it is Dutch taxpayers' money, etc. We have one basket which is distributed according to the goals of the EU.

The European Public Prosecutor's Office should be entitled and entrusted to control the use of this money. This is one of the critical issues, to what extent the EU will be able to create a real European identity and solidarity, and not let the countries to spend the money in not only an absolutely inefficient, but uncontrollable way.

Part of the money should not be channelled to the given country as non-repayable grant, but as a long-term credit. In that case, there would be a certain level of responsibility – self-responsibility of the government as well – how to spend the money, and the possibility of very obvious fraud or illicit or illegal spending of the money will probably be largely reduced. This does not mean that there will be no fraud, but some really shameless robberies will not be allowed.

The structure of the new budget should be also different from the present ones, there should be more money available for the long-term goals of the EU, both internal and external. If the EU wants to become also a security and defence union, and there are very big challenges in these areas, pressing the EU to this direction, a lot of money will be spent in these areas. In this case, external actions, cooperation with the neighbouring countries, as well as internal competitiveness, digitalization, SMEs coping with international competition will be much more important in the future. Of course, there is a big lobby for Common Agricultural Policy, now to a less extent in France which used to be the most important fighter for this money, but mainly in the new member countries. For instance, in Hungary, if you look at the efficiency of how this agricultural money of about 1 billion per year has been used, then you can hardly find any Hungarian entrepreneur, who had used this money for the modernization of the agricultural production. It is an automatic source of money, everybody can spend it on what she or he wants, and most people spent it on a new house, on luxury travels, on a new car – it was practically a private spending. So, it was spent on things not related to agricultural production. The only priority was: I have certain size of hectares, 10, 100 or 1000, and how can I cultivate or not cultivate this area in order to get the money, with the lowest amount of spending. I mean, for instance, for labour-intensive production, for new technologies, for food processing capacities, etc., etc. This was not the case. Some of them did, but it's less than 10%.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

See my reply to question 3.

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

**Successful: good practice:**

Some infrastructural projects were implemented. Although with very high cost, but at least they were implemented, such as railways and elimination of pollution in some waters, Balaton for instance, and also in some smaller rivers.

There was also successful use of EU money in some special cases, I wouldn't like to deny that.

**Low value-for-money: poor practice:**

I am not familiar with directly climate- and environment-related projects, but I know that some infrastructure projects have not been implemented at all, they were started, but then broken down. For example, bicycle roads – which should have positive environmental effects. On paper, they are implemented, but if you go there, you do not see anything, or you see just a bicycle road, which is half-made and it is already grown over by grass. So, it is impossible to use it.

Also, in the manufacturing industry there have been a number of examples. So-called Hungarian entrepreneurs got a lot of money. Such as Ikarus, the company of Gábor Széles, to manufacture a new bus prototype. From the very beginning it was clear that the project had no chance. In fact, no new bus appeared, while the money disappeared. We know that 1 km of highway on the Hungarian Plain (Alföld) cost as much as 1 km highway from Zagreb to the Adriatic Sea over a lot of mountains. Where is this money at the moment? Who has it? There was a very clear overpricing in the Tiborcz [the son-in-law of Prime Minister Viktor Orbán] case, the electrification of some villages and towns, which was a complete failure from the beginning. It was not only financially a failure, but it was also technically a failure; these projects should not have got the money at all! It is not about how the money was spent, but such a project is a non-starter project. It should have been stopped already during the evaluation process.

Money for rural development was also misused, sent there, and then mis-administrated, because there was a mafia-like organization who was responsible for using and spending the money. How much had to be sent back to finance high-level politicians, is another question.

The Tisza-tó (Tisza lake) project is a catastrophe. In some smaller lakes for fishing, in the Hungarian plain (Alföld), the water completely disappeared, alongside with the money... Very little has been done for the higher level of competitiveness for the Hungarian manufacturing sector.

It is my conviction (and many other persons think so, too) that government eliminated this year the independence of the Hungarian Academy of Sciences, because the Academy in the new EU funding structure from 2021, the government wants to ensure that EU money for innovation and R&D will be channelled to certain groups selected by the Ministry of Innovation and Technology.

If there was any modernization, it was mainly financed by foreign capital, also with some question marks, because it has exacerbated the one-sided character of the Hungarian manufacturing sector, with high dependence on the car industry. I am not against companies producing cars in Hungary, but what I am missing, is why other companies did not come to Hungary, and why the link between the Hungarian suppliers – be they foreigners or Hungarians – cannot increase the domestic value-added part in that production chain? They are producing something for the multinational companies, but the share of the value added is about 10-20%, and most of the production in the car industry, but in other industries as well is imported. The Hungarian SME sector was mainly unable to replace import by more efficient domestic production. There has been a lot of money for the development of SMEs in the EU funds, but only a fraction was used to make the Hungarian SMEs more competitive.

7. Which of these areas have **not received sufficient EU support to date**, but should have? From which areas **money should be regrouped** to these areas? Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

It is a broad international experience that the efficiency of using the money is also dependent on your own interest in the success of the project. If you're co-financing the project, where your money is also part of the business, then you'll take care how the money will be used. So, instead of fully EU-financed and partly government-financed projects, the owner of the company should contribute, whether it is 10% or 50%, it depends. But even if you're risking just 10% of the project, which is generally much more than 10% of your wealth, then you will be definitely interested in having a successful project and taking care of not stealing the money.

Another issue is healthcare, research and development, and environment. They are all long-term objectives. The efficiency of such investments cannot be assessed and evaluated in a couple of months. If I invest in a brewery company, a half year later I get the beer, I can show it was a successful investment, because it is profitable. In environmental issues, education or health care, in many cases, we need a period of 7 to 10 or 15 years. So, this is one of the big challenges, on the one hand, that these kinds of projects have to be financed steadily, independently what type of government the country has, and, on the other hand, should be also continuously financed by the EU, sometimes surpassing the 7-year multiannual framework, and they need at least two 7-year framework. How can we get that kind of commitment, if these projects show results only after a longer period? How can I communicate the current situation to the society, which would like to see the concrete results practically overnight?

It is much more important, and well beyond the EU or everywhere in the world – it is a Scandinavian wording – is “investment into an innovative society”. Innovation is not a technological and not an economic terminology. Innovation is deeply social. I am convinced that only innovative societies will be able to successfully survive the 21st century. It includes the environment, it includes long-term education, long-term healthcare, and it includes local R&D.

How to create an innovative society? An innovative society can be characterized by openness and not closing down, cooperation and solidarity, and not hatred and exclusion of others, social cohesion and not deliberate polarization of the society, future-oriented activities instead of going always back to the not so glorious past, increasing the adjustment capacity of the society to get prepared to the new challenges, both environmental, competition-related, ethnic, migration, etc.

I don't know where the individual EU societies are at the moment on this way, but Hungary has been going back, that is quite clear. And this is the most important setback and obstacle for future sustainable development for Hungary. This is very important: mental and environmental sustainability should go hand in hand.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

We should arrange an agreement, first of all, among all the member countries, because it is not only EU money that should provide financing for the climate; national budgets should also give priority to financing environmental issues in order to avoid a catastrophe. There are plenty of evidences, and very convincing evidences on the potential climate and environmental catastrophe the next generation will be facing, and then there will be no way back. So, it is not an option that when we are really challenged by the concrete risks and dangers, then we will become aware “uh, we have to do something”. It would be very late. You cannot return the climate clock anymore. And the time still available for concentrated efforts is very limited. So, the EU should not only increase its money available for environmental purposes, but has to come to an agreement also with the member countries to do this together, otherwise it will not work. I find absolutely unsustainable and shameful what the Hungarian foreign minister told a couple of weeks ago in Munich, that although car production in Hungary – Mercedes-Benz – will not be able to comply with stricter environmental rules recommended by the European Commission until 2030, but please forget about it, we need this production in Hungary until 2030.

This is unsustainable. In this case, the competition office of the EU should intervene and tell: “Stop, this is an investment I do not agree with.” It would be interesting – I’m just thinking loudly – how basic environmental priorities could be included into the competition policy of the EU. The rules of the game should also include environmental issues. And not only competition issues, like if it is a too big company and able to create a monopoly position, I do not agree, or if it is a company which is in partnership with China, I do not agree. Environmental aspects should definitely and fundamentally be involved in the competition policy.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

More direct control by the European Commission is necessary. EU money should be combined with a larger amount of national co-financing. Priority should be given to really European projects, cross-border projects and not short-sighted national projects, let alone for national mafia-like feudal projects. This is valid for all member countries. It is EU money, we should finance EU projects, and if you don’t like it, you can leave the EU.

It is very difficult to implement this. Sometimes I have the feeling, unfortunately, that Europe is once again nearing a catastrophe, because it is not able to build up a European identity. This very moment, remembering the centenary of ending the first World War, history has to be revisited. We exactly know what the consequences of wars used to be, but the young generation – fortunately – does not have any experience with war and its consequences. In the last 73 years, Europe was practically a continent without war (with the exception of the Yugoslav war with all its catastrophic consequences). We had some economic crises, but for the first time in the history of Europe, we had 3 generations in peace and stability. The consequence of this is, partly, that what we are facing is not so much the challenge of income inequality, but it is wealth inequality, because wealth could be accumulated over 3 generations creating large inequalities. So, previously, when a family or company started to accumulate wealth, the accumulation process was always stopped, broken down by an economic crisis or by war or by both. Today – fortunately – this has not been the case. But it is another question, how we can redistribute wealth. And to what extent? It would be very good, if this could happen in a voluntary way, and the resulting sum could be partly used for financing universal and European developments, including environment, which is our common interest and an investment into the future generations as well. How, for instance, could such funds be created to which rich people would contribute. Anyway, what does it mean, rich? I do not belong to the very rich people, but I do have more money than what I will need until the end of my life (even if I will have to be hospitalized in a private hospital). I would be more than ready to contribute to the financing of long-term programs, because it is an investment into our Globe, into the next generations, into the generation of my son, my grandson, etc. It is a very responsible investment. How can we convince rich people to provide this money to a special fund, which could create a huge amount of money, partly for eliminating the social problems, reduce inequality, solve or at least manage environmental problems, including those of the mental environment. The first issue is how to mobilize money. And the second then, if I give money, I really would like to be sure that the money will be spent in the correct way. So, how can we construct, establish an institution, and the legal framework, and the attitude of those who will be working on this project, that they will not misuse the money. Because, if there is a misuse, immediately rich people will turn away, and give no money any more. They will say that it is much better, if I manage my money, and I can create some funds by myself, on my behalf, and say here is something for social issues, here is something for employment, there is something for academic research, and then at least I am controlling what is happening. But it would be of course not the best use of the money, because much more money is available, and money must reach a certain critical mass in order to be able to finance selected global or European projects.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

First of all, the money should be used according to the rules of the game, and not misused. Conditionalities and direct control in different stages of the project must be ensured as well as accountability. Each project has to be preceded by an impact study. All impact studies have to be interdisciplinary, because each economic decision has non-economic consequences. And each political decision, each environmental decision, each regional decision has wide-spread interdisciplinary impacts as well, including economic ones. So, if it is an economic project, it should be analysed, what are the political implications, the environmental implication, the labour market consequences, the regional consequences, the social consequences, the legal consequences, etc. The same for an environmental project. If I invest in an environmental project, what will be the economic, the political, institutional, etc. consequences, and which are the short-term consequences and the long-term consequences. The methodology and rationality of all these impact studies have to be made broadly available for the entire society. We need a constant dialog with the society, otherwise we will not be able to create an innovative and open society. Investment into an innovative society is not just a financial issue. It is much more.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

Each political system tries to create its own human and institutional backyard. But in a normal democracy checks and balances are more or less in place, and the one-sided influence of the politicians can be limited, and there are legal, economic, and other considerations on how to stop the omnipotence of the monopoly position of a given political system. If a political system is unable to do it, because although it is a so-called young democracy, but in fact it is not a democracy, then the EU has to support an appropriate process, if necessary, with direct cooperation of the European institutions in order to weaken the inclination to corruption, etc. I know, some member countries would very much protest against this, because they will say that it is an intervention into their national sovereignty. However, the use of EU money is a European sovereignty issue and not a national sovereignty issue.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take

See my reply to question 12.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

C: Don't know/undecided

Please add your reasoning for your choice.

Funding should be immediately suspended! Immediately! That would be a very important learning process for those who violate the rules of law. If there are only promises that the next time we will investigate, but the investigation lasts several years, the investigation itself loses its credibility. Then the government would say, okay, no problem, and they continue, and the situation will further deteriorate. "If somebody does not agree with that small railway in Felcsút, then I will build it up to Bicske." [Felcsút is the home village of Prime Minister Viktor Orbán. The railway built to Felcsút with EU money has practically no passengers.] First, money should be suspended, and not only for the given project. Overall. Second, the money misused has to be repaid. Very clearly and immediately not after 5 years. It is also unacceptable that if the money is misused, and the government has to repay it, then later it can be used by the same government for some other purpose.

The Hungarian taxpayers and the Hungarian citizens who are voting should finally become aware of the fact who they are voting for or voting against. This is the best way, and a political learning process of the society. That would be an important milestone and investment into creating an innovative society.

15. Do you have **any other comment** on future EU climate funding in your country?



# Hungary (3)

(written response)

## Part A: About You

Your name:	Zoltán LONTAY
The name of your organisation/institution:	See Note1 below
Your country:	Hungary
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	See Note 1.
Place and date:	Budapest, November 2, 2018

Note 1: I used to be the president of the Hungarian Energy Efficiency Association for 15 years. It was an advocacy organisation, and its members were companies as well as environmental NGOs. The Association ceased to operate a couple of years ago because the member companies came to the conclusion that no meaningful advocacy was possible anymore in the given political circumstances. Then I joined the Experts' Committee of the Clean Air Action Group as a volunteer.

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I have only modest knowledge about the MFF in general. However, as a consultant on the market, I meet with EU money associated with projects and programs, which are managed by the Hungarian authorities. As practically all energy efficiency and renewable energy development projects are financed with the help of EU funds, the issue is closely related to my activities.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

As an independent expert, I am regularly invited to meetings addressing climate policy issues. I am also working as an expert of the Clean Air Action Group.

Your role at the EU level:

I visit the meetings of Climate Action Network Europe as a representative of the Clean Air Action Group.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

The main advantage of EU climate funding was that the money allocated for climate action could only be spent on climate action (at least theoretically). Government spending on climate action would have been much less without EU funds.

The main disadvantage is that the funds are not spent efficiently, the outcome/investment ratio is in many cases very low. This is partly explained by corruption, and partly by the lack of professional/management competence of the authorities, which are responsible for distributing the funds.

I do not have an overview of the situation as a whole. My impressions are based on personal experiences and press reports.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

Funds were made available for Hungary without checking whether Hungary had a comprehensive, multi-sectoral climate policy.

The programs and projects financed by the help of EU funds have not been closely monitored by independent (from the Hungarian Government) actors. Violations of the relevant rules were not sanctioned in many cases.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion	X See Note2.			
Energy efficiency			X See Note3.	
Clean mobility	X			
Green technologies		X		
Sustainable agriculture	X See Note4			
Biodiversity				
Other (please add)				
Other (please add)				

Note2: The renewable power generation was subsidised by a feed-in-tariff system, however, its source was not an EU fund, but the payments of industrial electricity end-users. Some investments, such as the establishment of solar parks, were supported by EU funds.

Note3: There were targeted EE programs financed or supported by EU funds. Most of these programs were clearly designed and transparently managed.



Note4: There is an agro-environmental program in Hungary, which provides money for farmers, who undertake to implement additional environmental measures. Within the scope of environmental measures, climate protection is mentioned, however, not very emphatically, and mostly adaptation only.

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Building insulation programs supported energy upgrades of buildings, which would have not been implemented without the EU funds.

Low value-for-money: poor practice:

Some R&D projects, which resulted in no valuable outcomes. We have to remember that most of the renewable and energy efficiency technologies are dominated by big multinational companies, which have huge development budgets. The Government ought to identify development targets, where the Hungarian researchers can create real added value.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

Allocation of money ought to be based on studies, which point at the areas where the spending would have the highest results. The EU should insist on the availability of such studies, and check, whether the findings of such studies prove to be correct later.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

9. I do not know of any overarching climate protection strategy in Hungary. However vulnerable the territory of Hungary to climate impacts is, the Government seems to treat the climate issue as a nuisance. Priority is given to short term economic interests and the money is saved for "more important purposes". This is well illustrated by the statement of the minister of foreign affairs, who said that Hungary would vote against any climate initiatives of the EU, if they hurt the interests of the German automotive industries (<http://www.kormany.hu/en/ministry-of-foreign-affairs-and-trade/news/hungary-will-not-support-brussels-measures-that-will-worsen-the-situation-of-the-bavarian-automotive-industry>). What Hungary acts in the field of climate protection, is the unavoidable compliance with the EU's obligatory rules. For this reason, the role of the EU is of utmost importance.

## Part C: Planning future climate funding

10. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

In Hungary the building sector is responsible for ca. 40% of energy use. Although the EU created very strict standards for the energy performance of buildings, most of the owners do not have financial sources to upgrade their homes according to the new standards. EU funding would greatly help. A much larger share of EU funding should be allocated for this purpose.

As I noticed before, the EU funds are often distributed without proper impact studies. The EU should require that such studies precede the allocation of funds.

And any new funding programs should be based on the evaluation of old programs by independent experts.

11. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

I act typically as technical expert, and the applications are managed by professionals, who specialize in this field. Basic information about the funds is available on the home pages of the Government.

I am sorry to note that according to the experience of several market players I know, EU funds are seldom accessible for laymen, who have nothing but a good project. In many cases, a certain percentage of the EU support has to be offered in advance for actors in the background. In other cases, and this is typical with large projects, the specification is compiled in such a way that only one applicant can comply with that. Public procurement processes are manipulated, and the involved players have no courage to protest against it, as practically everybody is dependent on "the system".

12. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

Funds should be made available in accordance with comprehensive climate action plans of the member states. Such plans should be based on the evaluation of former spending programs and the general climate policy of the governments. All spending should be strictly monitored by players independent from the Hungarian government and Parliament, and violation of the rules should be penalized. Without these measures, the EU climate funds would serve on as a source of free money for the friends of the Government.

The R&D money allocated for the member states should be spent on the narrow fields, which are not dominated by multinationals, and offer a chance for the local actors.

13. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

Already the member state applications should contain the methods of monitoring. The monitoring itself should be done by experts independent from the Hungarian government and Parliament, in a transparent way.

14. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

There should be strict environmental and climate conditionalities as well as conditionalities for transparency not only related to EU funded projects but for the country as a whole in order to receive EU funding. National policies should not contradict the aims of EU funding.

15. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

**A: Yes**

B: No

C: Don't know/undecided

The EU should behave like a serious body. If conditionalities are set, they should be enforced. Letting the climate funds leak in an uncontrolled way would be against the interests of climate protection, and against the interests of Hungary.

16. Do you have **any other comment** on future EU climate funding in your country?

Climate action is of vital importance for Hungary, and responsible Hungarian citizens know that. They wish that the EU funds be utilized in the most efficient way. It is not only the volume of the funds what is important, but also the way they are spent. Spending should be properly planned and controlled.

# Hungary (4)

(written response)

## Part A: About You

Your name:	Péter Mészáros
The name of your organisation/institution:	Hungarian Traffic Club
Your country:	Hungary
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	<u>Yes</u> / No
I agree that my replies be published with the name of my organisation.	<u>Yes</u> / No
Place and date:	Budapest, 7. Nov. 2018

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

General survey on the main fields and objectives.

Support of environmental sound modes of transport, improvement of energy efficiency and use of renewable energy sources in the field of transport.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

Representative of NGOs in the field of environment and natural resources. Contribution to public awareness and decision making, on transport, mobility and land use planning.

Your role at the EU level:

Not significant.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

Support and funding of local and renewable energy systems, networks.

Inefficiency at motorway network development funding. Bad example: M6 motorway, southern Hungary section, overpricing and unjustified project.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

The following are necessary in the future: Improvement of efficiency at project selection, support of soft solutions instead of hard infrastructure funding – in many cases with strong overpricing –, improvement of local networks in case of transport and energy issues.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion	hardly any impacts			
Energy efficiency	not significant			
Clean mobility		modest contribution		
Green technologies	not typical			
Sustainable agriculture		under the opportunities		
Biodiversity		contribution at nature preservation issues		
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Rail network reconstruction projects and public bus pool renewal

Low value-for-money: poor practice:

motorway constructions, like M6, Budapest M4 metro construction – overpricing, poor management, wastefulness.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

Renewable sources in the field of transport,

Development of charging points of e-mobility

Rail and related fixed track network development and integration – suburban and urban networks.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

The lack of concrete and significant national strategy on climate protection, and also action plan. The problem of improvisation and formal solutions.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

Sustainable modes of transport, electrification also on sustainable basis, renewable sources, mobility management and support of local, existing networks on transport.

Public awareness in the field of mobility and energy use, management of natural resources. Support of non-governmental organisations in the field of environment, nature preservation and energy efficiency.

Support of soft solutions and instruments, campaigns, public awareness, improvement of efficiency at existing networks.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

The related NGOs have limited capacity and also opportunity to take part in the planning and implementation control process. Also limited monitoring and transparency opportunities and practice.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

The improvement of tracking and follow up, efficiency analysis at funds and projects. Sanctions in case of non-fulfilment of regulations and rules of use of funding.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

More capacity in the field of monitoring and control of projects. More direct involvement of EU bodies at decision making and control, monitoring of projects – to avoid and prevent wastefulness and unreasonable use of funds.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential: D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

Tight and more centralized decision making and control to prevent misuse and low efficiency at use of funds – in cooperation with national, governmental and also non-governmental and professional national organizations. .

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

**A: Yes**

B: No

C: Don't know/undecided

Please add your reasoning for your choice.

Incentives for a more efficient, transparent and clear project management and utilization of EU funds.

15. Do you have **any other comment** on future EU climate funding in your country?

Improvement of efficiency and soft instruments at funding.

Concentration on certain fields, energy efficiency, renewable sources, existing infrastructure improvement.

# Hungary (5)

(interview)

## Part A: About You

Your name:	Gabriella Nagy
The name of your organisation/institution:	Transparency International Hungary
Your country:	Hungary
Your e-mail address:	gabriella.nagy@transparency.hu
Your phone number: +	
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	Yes
Place and date:	Budapest, 28.02.2019

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I have been working at Transparency International Hungary since 2015. I am the head of public funds programs, i.e. public procurements and the use of EU funds.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

For example, we have OLAF supported projects, we organize conferences on the topic. Last year we had 3 conferences: conflict of interest, cartels in public procurements, feasibility and economic viability. The target groups were civil servants in charge of EU funds; academia; media. We regularly give interviews and have international speakers on the topic.

We published several studies on the topic, e.g:

EU Funds Watch Project Hungary (2013), <https://transparency.hu/wp-content/uploads/2016/05/EU-Funds-Watch-Project-Hungary-2013.pdf>;

Corruption risks of EU Funds in Hungary (2015), <https://transparency.hu/en/kozszektor/kozbeszerzes/eu-s-forrasok-vedelme/unios-forrasok-korrupcios-kockazata/>

Your role at the EU level:



## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

### The advantages of EU funding:

Although these funds are often used in a corrupt way, still the money spent contributes to economic development. It could have been used in a better way, but in the short term it still contributes to the economy. The economic growth in Hungary is mainly based on EU money.

### The disadvantages of EU funding:

The way we use EU funds is distorting competition, especially when we talk about public procurements. On average 50% of the Hungarian public procurements are financed by the EU. This leads to a structural change for the worse. The companies which benefit from the system take for granted these public grants, and they are not forced by competition to make innovations, lower their prices, etc., and as a result, new companies cannot enter the market. Thus, this is a long-term harm and danger to the Hungarian economy. It is because of the way we use the EU funds. Furthermore, smaller companies are very much relying on the support of these EU funds; most of them would not survive in normal market conditions; this also will have serious negative consequences in the long-term.

Another main problem – apart from the fact that there might be actors who want to use EU money for their own personal benefit in detriment of our society – is that the whole EU framework allows corruption risks to be built into the system. The whole assumption is that the member state/national mechanism has good controlling mechanisms on the use of EU funds. It is all made under the assumption that the governments want to use the money in a prudent way. The EU does not (cannot really) deal with the problem that the controlling mechanisms don't work. All this resulted in a system which the Executive Director of TI Hungary, József Péter Martin described the following way at one of our conferences in 2017: "The rule of law and exposure to corruption risks go hand in hand. In recent years, Hungary has seen a deterioration of rule of law and democratic norms, which is in close connection to corruption becoming systemic in the country. Hungary is one of the biggest beneficiaries of EU funds, with around EUR 25 billion coming to the country in the current budget cycle. These funds are often distributed in a partial manner, most projects are overpriced, and the funds are frequently wasted on unjustified objectives." (<https://transparency.hu/en/news/konferencia-az-eu-s-penzekrol-a-korrupcioellenes-vilagnap-alkalmaval/>)

Hungary gets a huge amount of money, we are one of the biggest beneficiaries of the EU funds. The main aim of the government is to use as much money as fast as possible – we call this the pressure of absorption. Planning is secondary – even at the planning phase the projects are not prepared properly – they might not be justified or overplanned as we have to spend as much money as possible. Proper controlling is not present because it would go against the notion that money needs to be spent as soon as possible.

Moreover, before 2011 we had a relatively independent agency (although also under government control) for the management of EU funds, but since then they have been embodied in the separate ministries and work under the same deputy state secretary. Basically, the controlling units should work against themselves which does not function in practice. If there is a political instruction from above, they have to fulfil it, and so they are not able to do independent work. The audit authority claims independence, but they still work under the Ministry of Finance so at the end of the day if they are in a sensitive situation, their independence would not be guaranteed. There is no mechanism to filter out corrupt activities.

Overpricing is a great problem: According to our research, the average overpricing of projects is between 20 and 25 percent.

In public procurement, there is no real competition: in at least 50% of public procurement procedures there is only one bidder, and in fact, this proportion is certainly much higher, because we cannot see the real number: in many cases, if there are several bidders, they are just friends of the real bidder submitting offers with higher prices.

There is a high proportion of public procurement procedures without prior notification. This type of procedure can be used (among others) when there is an urgency and there is no time for an open public procurement; however, this possibility is often misused. For example, in 2015, the company who did the 20 August fireworks was selected by public procurement without prior notification and the minister of defense said the reason was that the fireworks were not a foreseen event. [Each year, on the national holiday of 20 August there are huge fireworks in Budapest.]

Since 2010 we saw that the number of tailor-made public procurements greatly increased, favouring certain companies. As a result, now only these companies have experience and can give good offers as there is no one else on the market. So, by now, they don't even need to use a tailor-made public procurement procedure or commit any other irregularities.

For example we monitor integrity pact projects. [An Integrity Pact is both a signed document and approach to public contracting which commits a contracting authority and bidders to comply with best practice and maximum transparency. A third actor, usually a civil society organisation (often one of TI's chapters), monitors the process and commitments made.] In one of these projects, there were 3 offers and one of the indicators was to show experience in the given field. One company was able to show 100 days of experience, and the two other companies were able to show only 3 days, so there was no real competition.

Tailor-made procedures (like references of a certain number of days) are often used so that only one company is able to get the funding. Another example: there were hardly any requirements for another procedure we were monitoring so we thought that now this would be good. However, an expert told us that if the public procurement had very specific requirements, only one company – who had previously fallen out of the grace of the government – would be able to apply so this (i.e. not using specific requirements) would allow the officials to exclude them.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

Since the companies which are favoured by the government are not pressured to innovate (for example, to use less energy to save money), innovative greener companies have less chance to benefit from EU funding through public procurement. The EU public procurement directive would support green and innovative procedures but in Hungary the criterion is still the lowest price. Moreover, such green criteria would mean a need for specific knowledge from the authorities and it would be more difficult to carry out the public procurement directives. Also, taking into account the life-cycle of a product is difficult for the authorities who generally do not even know what that means.

Most of the authorities are from small counties and cannot carry out public procurement procedures themselves and thus use consultancies. Because the municipalities are not competent, the consultancy could be connected with the companies making it even easier to come up with a corrupt plan.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/ average extent	To a high extent
Renewable energy promotion				
Energy efficiency				
Clean mobility				
Green technologies				
Sustainable agriculture				
Biodiversity				
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Low value-for-money: poor practice:

Towards the end of the previous programming period, the government allocated money for bicycle paths and within 4 days a huge amount of money was distributed – 62 municipalities applied. Out of those 62, only 3 used open public procurement procedures. These 3 implemented the paths in high quality and at a good price. The other 59 municipalities built very bad quality bicycle paths which in many cases cost as much as 3 times more than the normal prices, and many of their paths ended up in the nowhere or were very curvy, rocky.

It is also telling that in the MFF period 2007-2013, 25% of the EU funds were allocated to direct economic development, i.e. direct subsidies to enterprises. However, even research commissioned by the government came to the conclusion that all this spending did not contribute to increasing the competitiveness of Hungary; the companies that received EU funding did not perform better than those companies that received no EU funding. In the MFF period for 2014-2020, 60% was allocated to the same purpose – a huge amount of money for many projects making them difficult to control, and probably not contributing to the goal of improving the competitiveness of Hungary, but just the opposite: reducing competitiveness because of undesirable market distortion.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

The EU only sets big targets (e.g. reduce energy use by x percent), but then within these big goals, the government has the right to decide what to spend money on. Around 60% of the funds were allocated to so-called direct economic development which is way too high. According to our opinion, this money should have been used on big infrastructure projects (for example railways, public transport) and then controlling would have been easier. For example, a whole system was built for flood protection and here we see very professional work. So we would prefer more money on big projects and less on small ones because this – if correctly used – would better contribute to sustainable development. There should be more cross-border projects, too.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

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## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

In the Integrity Pact project that we have and where we monitor two public procurement procedures, we are supposed to involve local citizens. They don't really know what is going on, but they want to get more information. In our project, we are supposed to involve them actively, but they don't want to be involved. They would like to be more informed, but they said they would not want to be actively involved. There is some kind of apathy in the population – they believe they don't have the power to change the situation and they have accepted this as a fact. Also, public procurement procedures are so technical and complicated, that even for a lawyer it is impossible to even start looking at it. It is so complicated that it alienates citizens.

We have a website, <https://www.redflags.eu/>, which makes it easier for people to monitor projects. It is very useful for investigative journalists, and they became more and more involved. Before 2013 public procurement wasn't much in the media. In the beginning, the journalists were asking very simple questions, but now they have more specific ones as they have become more knowledgeable.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

There should be also more use of financial instruments instead of non-refundable payments. The EU already started promoting loans that are supported by EU funds, mainly the interest rate is supported by the EU, but the beneficiary has to pay back the loan. Since this is the bank's responsibility, they will be also more prudent when distributing loans. The projects should be economically viable and sustainable.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

First of all, the general institutional and legislative system should be transformed. Namely, EU funds will never be used prudently and without corruption, if the whole institutional and legislative system of the country has been created in a way that promotes corruption.

TI Hungary has made detailed and concrete proposals for such a transformation in its study "Javaslatok a korrupció visszaszorítására Magyarországon" [Proposals to reduce corruption in Hungary]: <https://transparency.hu/hirek/javaslatok-korrupcio-visszaszoritasara-magyarorszagon/>. A 12-page executive summary is available in English: [https://transparency.hu/wp-content/uploads/2018/01/transparency\\_int\\_jogallam\\_korrupcio\\_tanulmany\\_kivonat\\_angol\\_nyelven.pdf](https://transparency.hu/wp-content/uploads/2018/01/transparency_int_jogallam_korrupcio_tanulmany_kivonat_angol_nyelven.pdf)). We also made a number of proposals directly related to EU funding in our studies mentioned above (in q. 2).

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

A: Yes, setting conditionalities is essential:

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

To link the use of the EU funds to some kind of rule of law conditionality is definitely a must. The EU legal background should be better prepared to ensure that the funds are used in the best possible way.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

C: Don't know/undecided

Please add your reasoning for your choice.

15. Do you have **any other comment** on future EU climate funding in your country?

# Hungary (6)

(interview)

## Part A: About You

Your name:	Dr. József Papp
The name of your organisation/institution:	See q. 1.
Your country:	Hungary
Your e-mail address:	jozsef.papp@uni-corvinus.hu
Your phone number: +	+36209471495
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	Yes
Place and date:	Csömör, 02.02.2018

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

My primary job is university lecturer at Corvinus University of Budapest, specialising in business development. I also work as a business consultant. Since EU financial assistance to Hungary (even pre-accession assistance) began, I have been involved in the use and management of EU funds and have gained insight into the projects funded by them. For instance, for a year, I was a member of the board of directors of the BKV [Budapest Public Transport Company], which used up substantial EU funds. From 1998 to 2000, I was also a member of the board of directors of the Paks nuclear power plant. Furthermore, when Dunaferri [one of the largest industrial producers in Hungary] was privatised in 2004, its new owners entrusted me to set up a regional development company to find jobs for the then redundant Dunaferri workforce. This lasted for five years, a time during which I came across innovations such as the recycling of PET plastic bottles, and two-well heat pump systems the management of which I have been involved in ever since. The companies listed above are among the largest in Hungary and working for them allowed me to gain substantial experience, not least regarding EU subsidies.

I am a member of the Hungarian Economic Association) but hold no position in it. I am also an active supporter of Transparency International Hungary.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

I have published numerous articles and books as well as giving interviews and speaking at events on the topic of EU funding, including funding for environmental purposes, especially improvement of the energy efficiency of buildings.

Your role at the EU level:

None.



## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

When support programmes such as SAPARD began, I was taken aback by the fact that the EU follows a non-refundable grant model, even in contexts where market forces should prevail, as this creates a hotbed of corruption, regardless of the underlying intentions. Consider this: within this model, those who distribute funds are not distributing their own money, but that of others. Even under the strictest of conditions, even in the best, most liberal countries, there are countless instances of corruption because this is the nature of the model. If I'm allocating someone else's money, to whom will I give it? Either to those who offer to return the most to me, or even to myself. This is what is currently happening in Hungary.

It is astonishing that the EU has used this model and continues to use it today despite plentiful evidence in many countries (for instance, Greece) of its drawbacks. From the very beginning, I felt that this was not a good thing because free money negatively alters the mindset of entrepreneurs, and a battle begins. The funding does not become embedded in an organic strategy. Instead, the 'it's available now, we must get it now' principle takes over, and people attempt to secure it using all kinds of dubious strategies. I raised this issue on every platform I could. Sadly, I continued to see exactly how the poor allocation and use of this money occurred, as I myself was privy to many such deals.

Based on these experiences, I wrote my book titled "*A Magyar gazdasági csoda*" (The Hungarian Economic Miracle) in 2009, i.e. before Fidesz came to power. Then, in 2010, came Fidesz, with its two-thirds parliamentary majority, and perfected the method to a degree I had not imagined possible. The EU played a very important part in this, since it allowed this process to continue. Also to blame are those large multinational companies which were the beneficiaries of this allocation. I was able to closely observe how everybody eventually becomes corrupt in such a system at the companies I worked for.

When I realised all of this, I argued that this was simply unacceptable in a liberal country with a market economy: one company receives government money while another doesn't. Moreover, all the companies pay taxes, but only a select group benefits from this revenue. This is incredibly unfair, and it negatively influences the market; this was felt by the EU as well, which introduced the *de minimis* principle in order to avoid market distortion, but this rule was entirely insufficient to avoid it. Everyone now knows this very well, but without a doubt, even the EU officials couldn't have fathomed that this corrupt redistribution could be perfected to the point of establishing a new bourgeoisie, as is now the case in Hungary.

Let us not forget that one-third of the yearly 1000 billion HUF EU funding originates from Hungarian taxpayers. Therefore, we receive 700 billion a year from the EU, which is nevertheless a substantial sum, and which could have been utilised much better had it not been allocated by tender.

There are, of course, a number of services that the state itself must provide – in whole, or in part – such as public transport and the public health system, which would not work on an entirely privatised basis. In these areas, too, the disadvantages of EU funding, such as corruption, often emerge. However, with an appropriate legal and institutional system, corruption could be avoided in most of these cases, yet, such a system has not been developed; indeed, even the previously existing system was destroyed.

Of course, there were many advantages to EU support. Many new technologies were introduced, and the EU has some very interesting, very useful projects, such as training support for businesses, which is very welcome – in fact, one of my relatives is involved as a trainer for Industry 4.0; he provides training in preparation for the fourth industrial revolution to Hungarian small and medium-sized enterprises (SMEs). This is great, however, once again, it is not easy to utilise it effectively. Since there were instances in which this project was abused, now all trainings must be recorded to provide evidence of participation. Of course, this too can be cheated. In order for this project to be fruitful, and not descend into corruption, what really needs to be created is demand from both employees and employers. This could be achieved primarily through a truly competitive market environment for Hungarian SMEs, where the training of the workforce would be valued. This would include creating a system without the widespread tax evasion that exists in Hungary today, because this consumes a lot of time and energy of SMEs.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

There are always discussions between the Hungarian government and the EU regarding the purposes and projects for which funding will be used. In this context as well, the EU was not firm enough, so often the most effective, most modern investments were not chosen. In Hungary, for example, they built landfills instead of supporting more modern systems of waste disposal. For instance, I worked on an innovative method of shrinking plastic bottles which would have allowed them to be recycled almost entirely, and the population could then be incentivised to collect the shrunken material separately with a small amount of money. This would have avoided the material entering the waste stream, as it would have been sent directly to the processing plant via post. It is a brilliant model, but nobody was interested. Instead, they pumped money into the landfills, because initially Lajos Simicska [former treasurer of Fidesz, Viktor Orbán's friend], then other Orbán cronies were the ones building these landfills. Meanwhile, in Sweden, not a single ounce of waste goes to landfill anymore. Sweden is a member of the EU; how is it possible, then, that this happened in Hungary? Therefore, it is not just the Hungarians' responsibility, but also that of the EU, since it is the money of EU taxpayers.

The investments financed by the EU (even environmentally friendly ones) are generally overpriced. A further serious issue with the struggle for the non-refundable grants is that state capture (state-led corruption) takes over from market coordination, leading to the commissioning of a series of prestige projects which inevitably result in overcapacity (unnecessary baths, bridges, viaducts, tunnels, metro stations, stadiums, etc.). The maintenance of the outputs of these projects consumes further taxpayer money. Parasitic exploitation is the driving principle behind not only the projects themselves, but also their subsequent maintenance.

There have been many projects targeting energy rationalisation and the use of renewable energy which have done the national economy more harm than good, and which consume a huge quantity of public money (not only EU money, but also for instance, government revenue from trading emissions quotas) – these are strong examples of how projects using EU funds regularly end up being a waste of money in 'extractive' societies. But it's not just a matter of these resources being channelled towards 'friendly companies' that have been set up explicitly for this purpose, and which then utilise them with questionable effectiveness, or don't utilise them for the intended purpose at all. It is also about how, for instance, with the building renovation program, the insulation technology used barely produced a reduction in overhead costs relative to other alternatives. Additionally, in the absence of ventilation, walls can get mouldy, and the risk of fire increases.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion				
Energy efficiency				
Clean mobility				
Green technologies				
Sustainable agriculture				
Biodiversity				
Other (please add)				
Other (please add)				



6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Low value-for-money: poor practice:

Once, even prior to the Fidesz government, listening to the radio, I heard a state-sponsored advertisement saying I could upgrade my hotel from two stars to four stars using EU money. I wondered why this required public funding... I looked it up and found that the hotel of the Socialist Party member state secretary of the Ministry of Finance in Székesfehérvár received 400 million HUF, as did the relatives of the mayor from the Socialist Party in Gyula. Nowadays it is the Fidesz-friendly oligarchs, Lőrinc Mészáros and István Garancsi, who receive hundreds of millions of Forints to build hotels. Even if they wouldn't be giving it to their friends, I still don't see why public funds need to be used to increase the number of stars of a hotel. In addition, these are hotels that were built privately, at entrepreneurs' own risk not with state money. This market distortion is dreadful. Even the Hungarian Hotel Association objected to such funding, stating that many of the existing hotels are struggling to survive.

So, the effectiveness of support provided for the private sector is highly questionable. As early as 2010, studies were showing that no economic growth had been produced by EU subsidies to the private sector. I firmly argue that EU funds invested in the private sector since 2002 have not resulted in any additional economic growth, only heavily increased corruption.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

It was a big mistake on the part of the EU to allow the Hungarian government to use energy efficiency grants for public institutions rather than for private homes. Incentivising energy efficiency is a great thing, but I have always been in favour of giving people a tax discount rather than a direct subsidy. Only those who are financially in need should receive subsidies. This is a very good Western model; it would have worked, and it could have linked energy efficiency – itself an emissions-reducing factor – with incentivising the use of renewable energy.

Furthermore, if energy efficiency is based on renewable energy, there will be trickle down effects in the economy, which can generate economic growth and benefit everyone. For example, in other countries, the ESCO (Energy Saving Company) scheme operates whereby an energy provider invests at its own risk, makes the building (private homes, hospitals, etc.) more energy-efficient and converts its energy supply to renewable energy. The homeowners or the hospital would not need to invest themselves, but they would be required to pay a service charge or a 'heating fee' for a number of years, perhaps 15 years, beyond which they need not pay anything. This way the burden is shared, and the market economy is at work, since the energy company investing does so using a loan which it then pays off with the service fees.

It would have been better to spend the EU funding on a tax reduction or discount on these matters. This could move things forward much more effectively with far less market distortion and corruption. For example, those who install a state-of-the-art energy efficient system based on renewables could receive such a tax break. Of course, we must strictly define what kind of discount, of what magnitude and for what kind of energy system. This could be quantified and integrated into a tax system.

If they were to concentrate on decentralised energy, that in itself would go a long way towards protecting the environment. It is very important to provide support for recycling, as the situation in Hungary has become tragic: recycling has deteriorated, as has the efficiency of collection (despite it having previously reached a certain level). If this were working well, the amount of waste going to landfills would be a fraction of what it is today, and recycling could become a splendid industry. But, unfortunately, the EU grants available were largely not used for this. What EU money was spent on this was entirely undermined by utility price cuts, leaving behind hidden timebombs. [The Hungarian state artificially keeps the price of certain utilities low for political reasons.] Prices artificially lowered through utility price cuts do not allow for depreciation, so these systems are not self-sustaining. One of the EU's basic principles is that the grants it provides must be used sustainably by public service providers. That is, resources must be provided for maintenance, operation costs, and depreciation, and these resources should originate from the users. However, if the EU were to look into all of this, they would find that this key requirement is not being met, and the grant would have to be repaid. I personally researched a big water company and was faced with this problem, but there are similarly significant problems with waste disposal because prices don't follow the costs, EU grants or not. So much for the responsible management and efficient use of EU money. I believe with that I have conveyed the essence of it all.

I have expressed these concerns repeatedly, including at the Water Management Association, where Századvég was invited as a consultant. Representing Századvég was a person whom I once mentored, and I was shocked to see that he knew everything about this but didn't care about the consequences. [Századvég is essentially one of the government's supporting institutions, it serves the government's agenda and is maintained by public funds.]

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

I have argued many times regarding EU subsidies that they should only be used to reduce government debt. Not only Hungary, but all Eastern European countries would have benefitted from such a solution. They would have revised their budgets, there would be no government deficit, government debt would have been significantly reduced, the SME sector would be able to develop better than it is now, there would be much less cheating, corruption and market distortion than there is now. It could have initiated an upward spiral. Naturally, there should be strict conditions for such subsidies, too.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

The EU should hold member states accountable for compliance with EU law. The EU has the tools to do that, and as an EU citizen I expect the EU to use those tools. I know that EU interests are very complex, and it is not easy to make decisions, but they have to be made for the EU's survival. If these Eastern European countries are unable to establish true liberal democracies, a true market economy and transparency, and eliminate corruption, then it's all over. We can see how infectious Orbán's example is.

Technologies are already available which could reduce energy costs by up to 80%. The real estate owners would be interested in getting long-term, low interest loans which they could finance from their savings, and not to ask for non-refundable subsidies (such loans do exist in inclusive systems even without state subsidies). Banks could develop a new and secure financial product, and finally be able to lend again.

It would therefore be in the best interest of property owners (and banks) to choose the most efficient renovator at the best price. Contractors would then drive technology suppliers into fierce competition, forcing them to provide more and more efficient solutions through continuous innovation. This would restore a healthy value chain that would result in a noticeable increase in GDP (prosperity), the creation of countless new jobs, a stable and well-funded environment for the construction industry to develop in, while the structure and usage of energy would also transformed favourably, allowing utility costs to decrease to optimal levels (which are sustainable in the long term). However, in an exploitative environment there are no low-interest market loans (the deceptive parasitic state can only be financed through high interest rates); additionally, politically imposed utility price reductions also eliminate interest in energy-efficient building renovation.

What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

Hungary should be required to join the European Public Prosecutor's Office. In this way, EU grant-related corruption could be partially suppressed.

12. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

EU taxpayers' money is being poured into a bottomless well. Therefore, responsibility lies not only with the Hungarian government, but also with the European Commission, which is providing the flow of funds.

The tendering system approved by the Commission and used to allocate EU funding is entirely alien to the spirit of a market economy, and is not only a hotbed of corruption, but also the perfect example of what Daron Acemoglu and James A. Robinson define – in their fantastic book, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* – as an ‘extractive’ economic institution that hinders the spread of innovation (the source of economic growth and prosperity). History provides no evidence of centralised distribution of non-repayable grants being more effective in the long term than market allocation of resources. If state officials allocate the money of others (and not their own) to people who do not have to repay it one way or another, the money will be given to those who are closest to the allocators or those who give back the most.

13. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

C: Don't know/undecided

Please add your reasoning for your choice.

It is important for there to be a repayment sanction and for it to be firmly enforced. Let the punishment of those who stole EU money or did not use it for what they should have, be a deterrent to others.

14. Do you have **any other comment** on future EU climate funding in your country?

By resolving the disgraceful issues around EU grants, the European Commission can demonstrate that it is capable of shifting its paradigm. The essence of this shift would be that the provision of EU funds become strictly linked to the ability of the recipient country to make its political-economic institutional system more inclusive, to a predetermined extent within a specified timeframe (i.e. moving up on the competitiveness lists, improving the corruption index, reducing CDS prices, etc.) This paradigm shift in the efficiency of the European Union, the strengthening of its internal cohesion and effective climate protection, would be greatly aided if states were to receive a lump sum from the EU entirely dedicated to reducing government debt, instead of the wasteful tendering allocations that reinforce the extractive nature of the economic system, the riskiness of which even jeopardises access to EU funds.

If the European Commission – having witnessed that Hungary has complied with the conditions for enhancing the inclusive nature of the socio-economic system – were to allow the use of EU resources of up to 1000 billion forint a year for the reduction of government debt, within two years, interest expenses would diminish significantly. With rapidly diminishing national debt, interest expenses would decline. This process would be accelerated by a decline in the interest rate risk premium (currently absorbing resources needed for growth), which was elevated to its current levels by the gigantic growth in government debt created by the financing of parasitism. The decrease in interest rates would have a positive effect on households as well as businesses, and much more would go towards consumption and investment. The shift toward a more inclusive system would also benefit innovation and its spread, and there would be many more resources available for climate protection purposes as well.

If there is no need for allocation by tender, then the corrupt allocating apparatus also becomes redundant, indeed, it would result in substantial savings in government expenditure. All this would create the necessary resources for a sustainable society with high levels of well-being. At the same time, this would contribute to the meeting of the Maastricht criteria, which would be in the best interest of the state and would support the shift to an inclusive socio-economic institutional structure.

# Hungary (7)

(interview)

## Part A: About You

Your name:	László Podmaniczky
The name of your organisation/institution:	I am associate professor at the Institute of Nature Conservation and Landscape Management at Szent István University.  See also the Note below.
Your country:	Hungary
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	Yes, but see the Note below.
Place and date:	Budapest, 15.11.2018
<b>Note:</b>  I am not a member of any NGO, but from time to time I provide expertise to environmental NGOs, especially the Green Club of Szent István University and Clean Air Action Group. I am responding in my personal capacity, and not in the name of any institution or organisation.	

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing.

<p>Together with my colleagues, I wrote several studies on agricultural subsidies in Hungary, in which we thoroughly analysed the positive and negative effects of EU funding for agriculture. We made 3 studies for Clean Air Action Group:</p> <p><a href="https://www.levego.hu/sites/default/files/14-mezogazdasag-gszt2010_0.pdf">https://www.levego.hu/sites/default/files/14-mezogazdasag-gszt2010_0.pdf</a></p> <p><a href="https://www.levego.hu/sites/default/files/konyvtar/olvaso/koltsegvetes/koltm3.pdf">https://www.levego.hu/sites/default/files/konyvtar/olvaso/koltsegvetes/koltm3.pdf</a></p> <p><a href="https://www.levego.hu/sites/default/files/kiadvanyok/tiltandotamogatas.pdf">https://www.levego.hu/sites/default/files/kiadvanyok/tiltandotamogatas.pdf</a> (Chapter 11), Summary in English: <a href="https://www.levego.hu/sites/default/files/kiadvanyok/harmful-subsidies.pdf">https://www.levego.hu/sites/default/files/kiadvanyok/harmful-subsidies.pdf</a></p>
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2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

No.
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## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country?

Hungary receives approx. 3% of the EU's total agricultural (CAP) subsidy. It has two pillars. The first pillar is the area-based payments, this is a really harmful one, as it has very weak social or environmental benefits. Therefore, in the last budget period the EU announced new rules concerning the greening of first pillar agricultural subsidies, so the farmer has to fulfill some green (environmental) requirements. However, these requirements are still not so strong. There is practically no control what this money is spent on. Part of it is spent e.g. to buy a new tractor or other agricultural equipment, but a substantial part is used for private purposes, e.g. buying a new house or a new car.

The second pillar is in principle beneficial for the environment. However, this pillar in Hungary is 27 % of the total EU agricultural subsidies (the EU average is 24 %), and its effect is relatively limited. Moreover, its efficiency is not so good. We evaluated the results a couple of times, as there is such a requirement from the EU, and the EU asks more and more about the impacts, but these requirements are not strong enough. One of the most important indexes is the Farmland Bird Indicator (FBI), which means counting the birds in areas where there is an agri-environmental program and comparing this with another area without such a program. We came to the result that the number of birds decreased everywhere, but the decrease was less in areas with agri-environmental programs. However, in total, the payment was not able even to stabilize the number of birds in Hungary.

The impacts of agricultural EU funding on the soil and water is also detrimental, because the farmer spends most of the money received as subsidies, even agri-environmental payments on intensive agriculture, using more and more fertilizers, and nobody asks where this money went. And this is the situation everywhere in Europe.

Within the second pillar there are the following 6 priorities:

1. fostering knowledge transfer and innovation in agriculture, forestry and rural areas
2. enhancing the viability and competitiveness of all types of agriculture, and promoting innovative farm technologies and sustainable forest management
3. promoting food chain organisation, animal welfare and risk management in agriculture
4. restoring, preserving and enhancing ecosystems related to agriculture and forestry
5. promoting resource efficiency and supporting the shift toward a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors
6. promoting social inclusion, poverty reduction and economic development in rural areas

7. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

Based on the second pillar priorities (particularly the 5th priority) Hungary also planned some activities in the Rural Development Program. Nevertheless, the calls did not make serious requirements to implement climate mitigation and adaptation activities in the agricultural sector.



8. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

As far as agriculture is concerned, EU funding overall did not contribute to achieving climate-relevant goals in Hungary. In spite of some good projects which had a positive effect on the climate, the overwhelming majority of the funding only contributed to unnecessary overconsumption.

9. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

**Successful: good practice:**

For example, within the agri-environmental program we have a subprogram of supporting nature conservation, and this was quite successful, because the system of nature conservation is traditionally quite good in Hungary, having National Parks and all the institutional systems. (Unfortunately, this is not the case with water protection or soil protection.) They did good lobbying activities for having enough financial background supporting the National Agri-Environmental Program in 2002. At first, we had a system for environmental sensitive areas and afterwards the "High Nature Value" (HNV) areas have been supported within the agri-environmental programs. Together with the contribution of the National Parks, it is quite a good example how the agri-environmental programs were able to keep at least the existing situation of natural habitats. Some species protection and sometimes developing the nature habitats was also possible with the support of this program. Even if the FBI index was not so good as expected, at least the farmers already know what the role of nature protection within agriculture activities is, and they established better connection with the nature parks, the managing authorities of this program in the surrounding areas.

**Low value-for-money: poor practice:**

We always had several subprograms within the agri-environmental programs and all programs can be divided by the importance or the difficulties of the requirements. There is a basic program, which does not have strong environmental requirements, but provides relatively a lot of money. Unfortunately, the government took the money away from programs of higher importance, like payments for HNVs. We proposed putting more money on programs of higher importance that were more difficult to fulfill, and less on the basic program, but the government decided to change the allocation of money in the last minute without any consultation with the stakeholders. That's why now there is more money for the basic programs, that's why the farmers get practically free money. It is like with the earlier TOPUP (an additional amount of money on the direct payment), where money is for the area-based payments as a present from the government. You get more money, but you don't need to fulfill serious requirements. This is quite a waste of money within the agri-environmental program.

All the first pillar payments are economically, socially and environmentally harmful, there is no real reason to spend this money. We spend a lot of public money without having any public goods as a result. The basic rule should be: if you get public money, you need to provide public goods. One cannot see any public goods resulting from the area payment, and, as I told you, also a substantial part of the agri-environmental program is very questionable from the point of view of the public goods.

10. Which of these areas have **not received sufficient EU support to date**, but should have? From which areas **money should be regrouped** to these areas? Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

I don't think we need more funding, just the opposite: we need much less public funding in agriculture.

If we do have any funding, first we should look where the possibilities are for providing public goods, i.e. goods, for which you cannot get payment on the market. In principle, that is the rule of EU subsidies: subsidies should be provided, if the market is not able to pay for the product or service, but at the same time it is important for the society to have them.

The EU already knows about this problem, and that is the reason why it tries to reduce the first pillar. However, although during the next period the total budget will be smaller, it will not be possible to cut subsidies immediately, because there are very strong lobbying countries, like France and Germany, and also the V4 group is against any kind of reduction of subsidies. When the EU announced the main orientation of the EU budget this spring, the reaction from these countries was as follows: please keep the existing level of subsidies, please keep not only the area-based system, but also the product-based system, which has been a relatively small amount since the beginning of the 1990s.

Earlier (until 1992) we had a product-based subsidy system, which resulted in such a large amount of products, that it was almost impossible to sell them. That is why in the beginning of the 90s the system was changed to area-based. As a result, there have been no requirements for production, so if you did not produce anything on your land, it was not a problem for getting the subsidy based on your area. But Hungary and other countries now are asking for more product-oriented subsidies together with the area-based system.

I don't really see what the reason for agriculture subsidies is, as there is no problem to sell agriculture products as the number of people in the world is still increasing.

11. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

It is declared that in agriculture one of the priorities is to contribute to climate change mitigation, but I don't see big changes in the practice, just the opposite: agriculture in Hungary is more and more resource-intensive.



## Part C: Planning future climate funding

12. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

Subsidies in the future must be focused much more on the impacts. This is a new orientation, DG ENV, the Environmental Directorate-General of the European Commission already started to deal with the possibility of how it is possible to support farmers based on the environmental impacts they provide.

Right now, everywhere in Europe we have a so-called management-based system, which means that the government announces the program, within the program farmers can see what requirements must be fulfilled, and then – if they agree to fulfil all the requirements – the government pays them. Sometimes the government checks whether the commitments were really fulfilled, but there is no connection between the money the farmer gets and the impacts of the production activities on the environment. The money is the same amount if there is a high positive impact or no impact at all or a negative impact.

The new orientation is trying to finance the farmers based on the environmental impact. For example, you have initially a habitat within your farm and you agree with the government that you are going to keep this initial habitat for the next 5 years. The government doesn't tell you how to do it, but it checks year by year and also after 5 years whether the habitat still exists, and if it does, you receive the subsidy. If it does not exist, you can't get any money, and it doesn't matter how many other things you are doing. This is a result-based system. Already 3 years ago there was a big conference in Brussels about the possibilities of result-based agri-environmental programs within the Nature Conservation areas.

We try to force our government to implement such a system, and many years ago we started a couple of pilot projects. There are many pilot projects around Europe to check how this system works, because it is very different in various circumstances. You need a very strong advisory system, and you need a farm-level monitoring system, too. But as we see in the international studies, the impact can be quite strong. If the impacts are the condition for receiving money, the impacts will increase. I don't know how it will be in the future, because it is a bit complicated system and it needs a very strong priority on the impacts. Unfortunately, today the main priority for the Hungarian government is to provide money to the farmers in order to increase the government's political role and power.

13. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

There is a requirement from the EU to provide a plan for the second pillar, otherwise you can't get money. But in the next period, starting in 2021, there will be a new requirement: an integrated strategic plan for all the CAP money, including both the first and second pillar money must be done. I don't see any activities related to this plan at the moment, probably because it is not yet accepted by the Commission, but there are 2 more years to start the new budget period. Within this plan the government has to provide information about how it wants to spend the money based on the priorities. There is a lot of freedom in the concrete decisions, but each country has to fulfil the priorities, and climate change mitigation is included in the priorities. It is a big question, how the Hungarian government will react. What kind of activities it plans. Until now there was no such a requirement for the first pillar, we only had to write down how big the total agriculture area of Hungary is and then we got the money.

14. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

My proposal is that we should try the different impact-related actions, we should try the environmental result-based payment system. The EU should require from the government to start and finance many pilot programs to check the Hungarian possibilities.

15. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

We have a requirement for evaluating the Rural Development Program several times within the budget period. Of course, Hungary also fulfilled these requirements. The main problem is that for having a good impact assessment we need to have a field-level monitoring system, otherwise we don't know the impact. On the one hand, we know more or less what the activities of the farmers are because these are the basis of their payments. But, on the other hand, we know almost nothing about the impacts on the environment. We need to measure the soil content, water content, check nature habitats (birds, etc.).

There is no problem with the capacity to control, it is totally possible to check 2-3 times within the 7-year period, we have enough personal expertise and knowledge. What we miss, is only money to finance it. Until now the government didn't want to spend money on it. This year the government already made a proposal with a good amount of money to build up the monitoring system, but they did not do it before the national elections in April 2018, and after the elections they forgot about it.

After the elections, the government changed the institutional structure, they put the state department of the rural development back to the Ministry of Agriculture from the Prime Minister's Office. Although there is an increasing request from the EU to provide more and more information about the impacts, I don't know how the Hungarian government will fulfil this requirement. The EU should insist on having sufficient capacity for control.

16. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take

Yes, it is necessary to set conditions. The concrete conditions should be prepared by the country in line with the general orientation of the EU. We have to write down what the conditions are to fulfil the priorities, and how these conditions will be fulfilled in order to receive EU funding. Money from the EU should be provided only after accepting these conditions.

17. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

C: Don't know/undecided

18. Please add your reasoning for your choice.

The EU must stop funding immediately if the payment does not meet the requirements. Today it works only for the rural development program. In the future it should work with all the EU CAP money.

19. Do you have **any other comment** on future EU climate funding in your country?

To summarize:

Public money must be used only for public goods. We must stop just paying someone because he/she has land or produces agricultural products that can be sold on market.

# Hungary (8)

(interview)

## Part A: About You

Your name:	
The name of your organisation/institution:	(national NGO)
Your country:	Hungary
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	No
I agree that my replies be published with the name of my organisation.	No
Place and date:	Budapest, 14.11.2018

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

We don't have much information about the MFF in general, but we have concrete experiences on EU funded programs and projects. We are a non-profit analytical and advocacy organisation, closely co-operating with companies interested in the energy efficiency market. Its main goal is to encourage energy efficiency investments by assisting and inciting government actions, and also by informing both the consumers and market players. It has been a clear recognition at establishing our organisation that energy efficiency is not only a common concern, but a clear business interest for many market players as well; the key energy efficiency enterprises of Hungary are among the main partners of our organisation.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Advocacy is quite the right word, because that is what we are doing basically, and big proportion of our working time is about advocacy. We have been closely following 2 major types of central funding coming from EU, the operational programs which are targeting energy efficiency. We also deal with the climate quotas.

One of the main funding programs is not from EU funds, but from ETS quotas, it is the so-called the "Home Warmth" program, which is not a continuous program usually. Each year this program appears and targets 2 or 3 topics. One of them is changing household appliances, swapping for more energy efficient one. Another is the home refurbishment, i.e. energy efficiency renovation of homes and it includes renewing heating system of houses and house insulation. This program, which is financed from the Climate quotas, targets mainly Hungarian homes.

The other one, from EU funding, the Environment and Energy Operational Program in this funding period mainly targeted central governmental and local governmental buildings. It was initially planned to have some subprograms financing the energy renovations of the residential sector, with non-refundable financial support, but the central government rearranged this program and this amount went also to central governmental and local governmental buildings.

Also, there are some funds in the Competitiveness Operational Program for company buildings for refurbishment and retrofits and also in TOP (Territorial Operative Program). In this program there are reimbursable funds for SMEs and the residential sector. The funds we are talking about is around 115 billion Hungarian Forints for the residential sector, but it is reimbursable. The funds which were revoked from the residential sector, which would have been non-reimbursable funds, were around 90 billion Hungarian Forints. We try to monitor the funds, how they are being used, but it is more and more difficult to get the information, because most of the programs financed from the Environmental funds are so called priority projects from the government. And it is really hard to get information about this kind of projects. How it is used, what type of buildings, what type of beneficiaries, with what effectiveness – we don't know. It is much easier to monitor the Competitiveness Operational Program, because transparency is generally ensured in this program and also the residential program, meaning the reimbursable funds, because we have quite good contacts with the Hungarian Development Bank, and we get the information from them officially. They are much more communicative and open in this respect. Also, the ETS quota is used partly for real estate. So, the ETS or climate quota sales in one half goes to the state budget into a black hole and the other half of it is used partially for the residential segment, partly for real estate. The development in this theme is that the Sustainability State Secretary was appointed as the whole beneficiary of this budget, meaning that there will be the mobility and residential programs as well.

I do feel a little bit easier to talk to the relevant ministry, which is the Ministry of Innovation and Technology since a new State Secretary has been appointed, because he and his staff is much more open to talk to us. We are now involved in an energy efficiency working group and we are able to give suggestions and proposals for the State Secretary. I don't know the effectiveness of their working for the future, but they are responsible for the National Energy and Climate Plan, it is quite a huge task for them. And they do feel the need to talk with NGOs and experts in different fields.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

I do not really like the kind of tendering which takes place in Hungary, I would change the tendering to a different kind of method, for example, eligibility criteria would be changed from the social side to a pragmatic energy efficiency method. These two criteria should be separated: I would really do some energy poverty programs, specialized for those people and needs, who are absolutely in the need for that. But for the Energy efficiency programs I would say that, if you reach higher energy saving you will get more funds, it shouldn't take into account your social status. Energy efficiency funding shouldn't be primary non-reimbursable funds, but for example tax cuts or VAT reimbursement.

There is no real system. I don't call it a system when nobody knows when the next call will be announced, what will be the focus of the program, how much funding is available. Usually these kinds of projects are hard for the average people to find them and prepare and collect all the necessary documents. I would preferably combine no reimbursement for the homes, meaning that they could get easy loans for home refurbishments, and if they really reach the target energy savings they could get a tax cut (i.e. VAT) or reduction of income tax, or something like that.

There is a third aspect, we often say that the residential aspect should get much more focus. Especially from the point of view that Hungary has obligations and EU targets, which have to be reached and without the residential sector they can't be reached. Somehow this needs to be targeted more, not necessarily with bigger amounts of money, it doesn't have to be a non-refundable financial support, but it is very important that it should be a long term, to which people can really plan and count on a more stable system. There are good examples in surrounding countries.

We are spending the money right now for the central governmental buildings, all the money we have in the environmental operational program goes to financing central governmental buildings and some of it goes to the TOP (territory operational program), because there are some funds in there as well for municipalities.

The volume of central and local governmental buildings is much lower than that of the residential sector. The main contributor of energy consumption is the residential sector, and this is where the big potential is to save energy in Hungary. From a financial point of view, it can be seen that spending money in the residential sector is much more efficient because of the owner perspective, i.e. if you are the owner, you will be careful with your money.

Naturally, the municipalities are also the owners of their buildings. However, corruption in Hungary in general and especially in the Hungarian public procurement system is reported to be higher than the average in the EU.

At the same time, one must consider how many buildings are in the various sectors. The number of central governmental buildings under the 3% energy retrofit obligations by 2012/27/EU is about 900, really not that many. At the same time the percentage of the residential energy consumption in the total energy consumption is around 30-35%, which is one of the highest in Europe, 10% higher than the average in EU. Therefore, we really need to target the residential sector in this respect. Residential buildings are in a very bad condition in Hungary, so deep renovations could reduce their energy consumption by at least 40%. EU funding is not sufficient, as the energy efficiency financing needed in the residential sector is cc. 2000 billion Hungarian Forints just in the 2014-2020 period. This is really a huge task and potential as well. We could spend around 100-150 billion Forints for this purpose a year, which is not an enormous sum for the state budget or even for the EU funds, and this way practically the majority of residential buildings could be refurbished within 20-25 years. Moreover, as I mentioned, most of this funding could be partly (i.e. 10-40%) reimbursable.

It is a very important point that we need absolute stability to involve the households in the refurbishment process. If we change the rules from one year to another, or even more often, which is constant in Hungary, we simply do not give the opportunity to the households to join.

I have a positive point, which is the so-called corporate company tax cut after energy efficiency investment. It seems that it starts to work, it is related to the energy efficiency measures, which is official Hungarian policy now.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

I described this in the previous point.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

EU funds are the significant part of the Hungarian climate funding, without them no big program would be implemented for climate protection.

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

An example of good practice can be the loan which is given by Hungarian Development Bank. It is not yet a big success (cc. 25% of the fund have been placed to households), but one positive point is that there is really intention to improve it, to make it better, to make it more available to people. With all its problems the intention is good.

Low value-for-money: poor practice:

Bad practice, I would say, is the refurbishment of central governmental buildings and municipality buildings, especially in energy efficiency. When 100% of the funds are given to the owners it means that they are not really interested to spend the money at best value. Therefore, I do not believe that it is a good approach in energy efficiency investment.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

I would say the residential sector is a big black hole right now.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

I am absolutely happy, that we are part of the EU, because without the common goal, common objectives, in Hungary climate protection wouldn't really exist.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

The question is, what is the official point of view of the Hungarian government. I have doubts that the government really takes climate protection seriously. Obviously, the funding is a positive means of enforcement in this respect. Although there are a lot of strategies, but these strategies in Hungary usually do not get to the phase of implementation. For example, we have a very good energy building performance strategy, but only a small part comes to life from it. Therefore, the question is what are the tools in the hands of the European Commission to enforce the of rules. We could say that it could be a partial solution if the EU could force the government to use certain part of the EU funding for the residential sector, but I don't know if that would work. If the government really sees a point, they will do it; if they don't see a point, they won't do it.

It is very strange for me when our Foreign Minister was claiming that Hungary will not really support stronger EU targets for CO2 reduction because we must protect the automobile sector in Hungary.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?



There have been public processes in which independent organizations or even anybody could submit their comments and thoughts and opinions when there was only a plan, so there was an opportunity. However, it's hard to follow what happens with the submitted comments, and in a lot of cases they might be considered but not implemented.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

We would like to be more involved in this process and would like to do certain things. We have a lot of proposals, even from before 2013-2014. Our organisation and 4 other organisations made quite complex proposals how to program energy efficiency funds.

For example, there was a special call in "Horizon 2020", which was country-specified, meaning the consortium was from one country and targeting one special problem. It was much easier for us to prepare for this kind of call. This kind of approach could help us a lot, especially in countries where governments don't take the "outsiders" (NGOs, professional organizations), it could be an approach to help some programs.

The funding could go directly to such entities that really know where the real problem should be tackled, that would be much more efficient than going through the central (governmental) decision-making process, the result of which is often unpredictable.

There are special programs, which were controlled directly by the Swiss and Norwegian funds. This kind of method could be applied by EU.

We are part of the EuroACE, we are working together with EUACE, and ECF as well, and we have sister organizations like DENEFF in Germany and in Slovakia, and "Building for Future", a similar organization in the Czech Republic. We have actually submitted some application together this year.

I would take much rigorous position towards the Hungarian government from the European point of view. If the policy of a government is clearly running against the EU goals, then the European Commission or another organization should be able to enforce the common rules.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

Much more rigorous monitoring needs to be introduced, maybe the Governance Directive will help with it.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

A: Yes, setting conditionalities is essential:

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:



Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

Hungary is obviously not going to fulfill the energy savings obligations, we are so much behind, that there is no way we can get the energy savings we should have by 2020. The monitoring should be paired with fines if you don't follow the obligations. First there should be a close monitoring of the necessary indicators, and if the indicators are not fulfilled there should be a warning and afterwards fines.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: **Yes**

B: No

C: Don't know/undecided

Please add your reasoning for your choice.

Without suspension of the funding no change will occur, the government will continue to neglect its obligations.

15. Do you have **any other comment** on future EU climate funding in your country?

# Hungary (9)

(written response)

## Part A: About You

Your name:	Márton Vargha
The name of your organisation/institution:	Clean Air Action Group (CAAG)
Your country:	Hungary
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	Yes
Place and date:	Budapest, 10.06.2019, updated 15.08.2019

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I have a lot of personal experience concerning EU funding in Hungary:

- I was a member of the Budapest City Council from 1990 until 1994 when EU money (albeit at that time not a big amount) started to flow to Hungary.
- From 1989 until 2010 I was a volunteer of and since 2010 I am working full-time at Clean Air Action Group (CAAG), an organisation which has worked a lot on EU funding.
- I have read quite a lot of material and participated in various events relating to the EU budget.
- I have written with Ada Ámon the chapter “A fenntarthatóság környezeti és energiapolitikai aspektusai” (The environmental and energy policy aspects of sustainability) in the book “Az európai kohéziós politika gazdaságtana” (The economics of European cohesion policy) ([https://akademai.hu/326/economics\\_books/regional\\_studies/az\\_europai\\_kohezios\\_politika\\_gazdasagtana](https://akademai.hu/326/economics_books/regional_studies/az_europai_kohezios_politika_gazdasagtana) )

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

I am a member of the Monitoring Committee of Integrated Transport Operational Programme (ITOP) since 2015.

I am participating in the Hungarian NGO coalition dealing with the National Energy and Climate Plan.

Your role at the EU level:

In our organisation I am responsible for keeping contact with the European Federation for Transport and Environment.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

### Advantages:

There have been quite a lot of EU-funded projects for sustainable transport: railways, public transport, cycling, traffic calming. Many of these certainly would not have been taken place without EU funding.

### Disadvantages:

The disadvantages of EU transport funding have been far greater than the advantages. The projects have been mainly infrastructure oriented and overpriced. In the period 2014-2020, the Integrated Transport Operational Programme (ITOP) plans to allocate 35,2% of EU transport funding to road construction, 37,79%, to rail and water transport, and 27,19% to clean urban/regional transport. In this budget cycle the plans are a little bit more balanced than earlier but the figure on clean urban/regional transport is quite misleading because most of that support goes to the renovation of an underground metro line in Budapest. Moreover, in the 2007-2013 budget period the overwhelming majority of clean urban transport was spent on the construction of the new (4th) Budapest metro line which did more harm than good.

A main disadvantage is the lack or very weak support of info-communication (ITC) development projects. There is e.g. the “prehistoric” railway safety system, which has to be replaced by a modern ETCS to raise the capacity of the Hungarian railways. This modernization process is very slow. The working title of the transport operational program had been “Intelligent Transport Operational Programme” but subsequently it was changed to “Integrated Transport Operational Programme” as a result of the pressure of infrastructure building lobby. This change is clearly visible in the list of supported projects.

Besides that, it is impossible to achieve environmentally sustainable transport if large-scale road construction is funded, making competition to more sustainable modes. Already in 1995, the European Commission clearly explained that road transport prices do not reflect the costs, which damages both the economy and the environment. (Towards Fair and Efficient Pricing in Transport. Policy Options for Internalizing the External Costs of Transport in the European Union. – Commission of the European Communities, Brussels, 20.12.1995, COM(95)691 final, [https://europa.eu/documents/comm/green\\_papers/pdf/com95\\_691\\_en.pdf](https://europa.eu/documents/comm/green_papers/pdf/com95_691_en.pdf)). However, ever since the Commission has been approving enormous amounts of taxpayers’ money to finance a system which the Commission itself deems unsustainable.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

Already in 1993, a researcher of the Institute of World Economics of the Hungarian Academy of Sciences published a study in which he demonstrated that all new transport developments which had been implemented during the previous years or are being planned in Budapest resulted/will result in aggravating the transport and environmental problems of the city. For me, as a member of the City Council at that time, the reason was clear: the same company prepared both the general transport plan of Budapest and designed the large transport investments, and this company had a decisive influence on the Mayor (who, by the way, was in the same political party as me) and the circle around him. (Having experienced this and similar anomalies, I left the party in 1993.) The conclusion I drew from these lessons are valid for all public funding, including EU funding: if conflicts of interest are tolerated and the whole legal and institutional framework of the country and the municipalities is unsatisfactory, then public money will be used inefficiently and even misused on large scale, no matter what the intentions of some decision-makers might be.

Another big problem we encountered has been the highly questionable EU guide on cost-benefit analysis ([https://ec.europa.eu/inea/sites/inea/files/cba\\_guide\\_cohesion\\_policy.pdf](https://ec.europa.eu/inea/sites/inea/files/cba_guide_cohesion_policy.pdf)). Namely, including “time savings” as a benefit completely distorts the results of CBA of transport investments. For example, in the most recent Budapest SUMP (Sustainable Urban Mobility Plan) it is written that “time savings” calculated according to the official ITOP CBA guide generally constitute 90% of the benefits of the planned project. Environmental sustainability level is represented only in part of the remaining 10%! However, it is a well-established fact that new transport investments do not reduce total travel time. People on average spend the same amount of time for transport all over the world (about 1.1 hours daily). New transport infrastructure result in people traveling longer distances (and the same is true for freight transport). If this erroneous factor would be removed from the CBA, practically no major road infrastructure investments would be qualified for implementation.

EU funding also makes it possible for the Hungarian government to use national money for inefficient, unnecessary or even environmentally (socially, economically) harmful investments. An example is the decision to build a terribly expensive and uneconomical new railway line between Budapest and Belgrade; this money should be spent to enhance the sustainability of Hungarian transport and decrease its GHG emission. An enlightened, thoughtful and environmentally friendly transport policy in practice (not only in strategic papers) should be a prerequisite of any financial support.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion				
Energy efficiency				
Clean mobility				
Green technologies				
Sustainable agriculture				
Biodiversity				
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

New passenger railway wagons and commuter trains were bought by Hungarian State Railways (MÁV Group). New trams were bought by the Budapest public transport company (BKV Zrt.). Some main railway lines were renovated, e.g. the line № 30. An important tram line in Budapest has been finished but unfortunately harming the sustainability conditions (175 trees were cut down in order to make place for about the same number of car parking places).

Low value-for-money: poor practice:

Most major road transport infrastructure projects have been not only “low value-for-money” but even extremely damaging. I clarified some of the reasons above, here I would just add two more.

1. Opportunity cost: The enormous amount of money spent on road construction has meant that there was much less money than needed for more sustainable modes of transport (railways, public transport, cycling infrastructure, traffic calming). This money is badly needed in the latter, for example:
  - There are speed restrictions (in comparison with the originally permitted speed) on about half of the Hungarian railway lines as one can read it in ITOP.
  - The average age of public transport buses in Budapest is 14 years.
  - The average age of *hév* (Budapest suburban) trains is over 40 years.
2. Ecological damages: Major road infrastructure in itself has a very negative effect on nature. Moreover, road construction needs a lot of gravel. More and more gravel pits are operating in Hungary, especially in the region south-east of Budapest in spite of strong protests by local residents (often supported by Clean Air Action Group). The gravel pits in this region have already eliminated large areas of high quality cropland and nature areas, significantly contributed to the reduction of the ground water level in the region, and the transport of gravel by heavy trucks through the towns and villages made life almost unbearable for many people, and has caused considerable damage to roads and buildings. In short, EU money provided for road construction has greatly contributed to the unfolding ecological disaster in the region.

Furthermore, EU money has also contributed to high-level corruption in this case, too. The father and brother of Prime Minister Viktor Orbán owns companies dealing with stone mining and gravel mining. The revenues (and especially the profits) of these companies have surged since Viktor Orbán became Prime Minister. Just recently, the government changed several rules, making it much easier to open new gravel pits (among others, the new rules make public participation much more difficult in these cases) and allocated a large sum (31 billion Forints) of public money to support gravel mining by private companies (see: [https://hvg.hu/gazdasag/20190724\\_kavicsbanyaszat\\_ner\\_orban\\_gyozo\\_palkovics\\_jogszabaly](https://hvg.hu/gazdasag/20190724_kavicsbanyaszat_ner_orban_gyozo_palkovics_jogszabaly)).

Sustainability should be a horizontal viewpoint in the plans and implementation of infrastructure projects, but the control is superficial and nominal. Budapest has a good SUMP, but the planning and construction of the EU and nationally supported projects in quite a number of cases defy the principles expounded in the SUMP.
3. Another example of the inefficient use and misuse of EU money is the construction of the 4th Budapest metro line. The project cost 1.5 billion EUR, much more than originally projected. The project was approved by the European Commission despite of serious warnings by experts (including experts of our organisation), who pointed out, among others, that the same number of people could be transported within the same time to the same destination just by creating some bus lanes which would have cost about 150,000 EUR, i.e. a thousand times less than the cost of the metro construction. The main argument for the metro construction was that this way car traffic would substantially decrease in the region affected. The new metro line was put into operation in 2014, but car traffic has not decreased at all; in fact, every day there are huge congestions on the roads concerned.

One of the conditions for EU financing of the new metro line was that the Budapest Municipality would implement a congestion charge at the same time when the metro was put into operation. This did not happen to this day, and the Commission did nothing about it (except writing a few letters to the Hungarian government). The fact that the Commission does not sanction the violation of a contract (by taking back part of the money allocated to the project) seriously undermines the credibility of the Commission. More important than that is the fact, that the lack of a congestion charge (or even better, an urban road pricing system as proposed by our organisation ([https://www.levego.hu/site/assets/files/5752/time\\_to\\_implement\\_congestion\\_charging\\_in\\_budapest\\_2015szept-2016dec12.pdf](https://www.levego.hu/site/assets/files/5752/time_to_implement_congestion_charging_in_budapest_2015szept-2016dec12.pdf))) has contributed in Budapest to increased car use and car ownership (from 583,694 in 2014 to 659,513 in 2018, [https://www.ksh.hu/docs/hun/xstadat/xstadat\\_eves/i\\_ode006b.html](https://www.ksh.hu/docs/hun/xstadat/xstadat_eves/i_ode006b.html))) with all its negative consequences for transport and environment.

The operation and amortization costs of the new metro are also enormous, draining away money which is desperately needed for the operation, maintenance and renewal of the rest of the public transport system. Furthermore, according to OLAF, one-third of the sum allocated for the metro construction (i.e. 1.5 billion EUR) has been used with “irregularities” and OLAF recommended that this sum should be paid back to the Commission by the Hungarian government.

There have been harmful subsidies also for airport development. (See, for example, the article “CAAG condemns EU support to Budapest airport” in <https://mailchi.mp/abadbe16309f/gbe-newsletter-january-2019>).

4. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

Public transport, railways, cycling, traffic calming should have received much more funding. They also **could** have received much more funding if most of the EU money would not have been used wastefully and even very damagingly both for the economy and the environment.

5. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

Hungary has a National Climate Strategy, but I do not see its practical implementation at all. Just the opposite has been happening: CO2 emissions have regularly increased during the past few years (altogether by 13% between 2014 and 2018).

In the transport policy, the mitigation of GHG emissions does not have any real role.

## Part C: Planning future climate funding

6. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

As far as transport is concerned, the material investments for which EU funding should be provided are well-known: improving the ITC in the safety and control of transport, improving public transport and the conditions for non-motorized transport, enhancing electromobility, etc. (Naturally, the details vary in accordance with the local conditions.) In order to achieve the EU's environmental and climate targets in transport, in my opinion, one of the first steps must be to enforce the EU road transport emission rules and implement the rules of the railway packages. Another step must be the extension of the distance- and pollution-based road toll to all motor vehicles on the complete road network, and implementation of the ‘user pays’ and ‘polluter pays’ principles in transport. The main problem is, however, not technical or economic, but political. Without a general transport policy focused on climate protection, the transport development projects will not reduce the threats of climate change.



In order to achieve the EU's environmental and climate targets in transport, in my opinion, financing should be mainstreamed first of all to the following fields:

1. **Raising public awareness.** In order to achieve a breakthrough in the process towards sustainable transport, the most important (and most difficult) task is to change the mindset of people. The present situation is characterised by the overwhelming dominance of the promotion of car culture and consumption society: in the media, social media, advertisements, speeches of politicians, etc. this culture is continuously presented as something very positive which must be continued. Supporting all this is the enormous power of the related industry. (For example, the media is dependent, to a large extent, on advertisements by car and oil companies.) On the other hand, the voices of those promoting sustainable transport systems are extremely weak due to the lack of resources. For example, in Hungary, a few hundred thousand Euros are spent each year to promote sustainable transport modes, while a thousand times more is spent just on advertising cars. This is like trying to extinguish a forest fire with a glass of water. Therefore, in Hungary, at least 50 million Euros should be provided annually to raise awareness about environmentally sustainable transport systems.

2. **Transformation of the institutional and legal system.** The Hungarian Action Plan for Improving the Energy Efficiency of Transport, 2013-2020 (<http://docplayer.hu/493509-Nemzeti-kozlekedesi-strategia-nks.html>), adopted in 2013, states the following: "Another precondition is the creation of an organisation for the implementation of the energy efficiency programs. This is an area which is often neglected in Hungary, as it is considered a superfluous bureaucracy. However, the detailed elaboration of the development and support of transport energy issues needs a very serious technical, scientific work. For the elaboration of alternative methods, the cooperation of several professions is necessary, therefore already for this a well-functioning coordinating organisation with highly qualified professionals is indispensable. After elaborating the detailed programs, there will be the serious tasks of acquiring the necessary EU and other financial sources as well as preparing the calls for applications and arranging the applications. A further task is to establish contact with business groups, energy providers, and to organise and coordinate their involvement. All these tasks cannot be implemented within the framework of the present state administration. The ministries and the authorities are not capable to fulfil these tasks, because they are not specialised on such work, and they do not even have the capacity for it." (Translation by CAAG.) We should add that much more institutional capacity is needed than available today also for enforcing the rules, working out new legislation, and for promoting environmentally sustainable transport.

3. **Overcompensation for raising taxes and fees on environmentally harmful transport modes.** Environmentally harmful transport modes are heavily subsidized. For example, a common study ([https://www.levego.hu/site/assets/files/5819/social\\_balance\\_transport\\_hungary\\_20110131.pdf](https://www.levego.hu/site/assets/files/5819/social_balance_transport_hungary_20110131.pdf)) by the Institute for Transport Sciences (Budapest) and CAAG, published in 2011, came to the conclusion that road transport in Hungary each year receives a state subsidy equalling to 7 to 13 percent of the GDP. A study ([https://ec.europa.eu/transport/themes/sustainable-transport/internalisation-transport-external-costs\\_en](https://ec.europa.eu/transport/themes/sustainable-transport/internalisation-transport-external-costs_en)) published recently by the European Commission shows that road transport is heavily subsidised all over Europe.

No subsidy for sustainable transport modes will ever be able to compete with such an enormous subsidy. Therefore, it is absolutely necessary to remove this subsidy as soon as possible. As this would mean a drastic increase in the prices of road transport, such a measure can be implemented only with appropriate compensation. (There are excellent best practice examples for such measures in a range of countries, see, for example: <http://www.imf.org/external/pubs/ft/wp/2011/wp11167.pdf>, <https://www.cambridge.org/core/books/politics-of-fossil-fuel-subsidies-and-their-reform/fossil-fuel-subsidy-reform-in-indonesia/69E6706F3ABFB-80052B20E3772404138/core-reader>, <https://www.imf.org/external/np/pp/eng/2013/012813a.pdf>). In view of the magnitude of the increase, simple compensation (i.e. just returning the revenue from the increased taxes and fees) will certainly not be sufficient to avoid political unrest: therefore, overcompensation is necessary. (Some extra funding is needed also for the operation of the system.)

7. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

Quite a lot of information is available on various websites. However, it is practically impossible for citizens or civil society organisations to influence the decisions. As a member of the ITOP monitoring committee, I have made quite a number of proposals, but, with the exception of some minor ones, these were rejected. As the overwhelming majority of the monitoring committee consists of government representatives, NGO representatives have practically no chance of getting their proposals accepted even if it is clear that the decision would lead to undesirable effect.

Another problem is the lack of capacity of NGOs. It is practically impossible to read and comment a huge number of long documents in a short time. NGOs need to have financing to pay for the time and expertise! Furthermore, partly due to the lack of financing, partly to the present situation of the media in Hungary, it is quite difficult to voice the opinion of NGOs about issues related to EU funding. Thus, it also became practically impossible to influence the decisions by putting pressure on the government through the media.

8. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

Clean Air Action Group has been regularly making proposals for improving EU funding, see, for example:

[https://www.levego.hu/sites/default/files/eu-budget\\_democracy\\_hungary\\_2015sept15-honlapra.pdf](https://www.levego.hu/sites/default/files/eu-budget_democracy_hungary_2015sept15-honlapra.pdf)

<https://www.levego.hu/sites/default/files/op-comments-caag-2014aug28v.pdf>

[https://www.levego.hu/sites/default/files/eu\\_budget\\_hungary\\_130404\\_final.doc](https://www.levego.hu/sites/default/files/eu_budget_hungary_130404_final.doc)

9. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

Those governments that wish to receive EU funding must join the European Public Prosecutor's Office. If they don't, they must not receive any EU money.

The national authorities responsible for controlling the allocation of EU money must be under the Commission and not under the national government. The head of the authority should be appointed by the Commission and should make an annual report to the Commission and the European Parliament each year. There is never a good ending if an institution is left to just control itself without any external control.

In the Regulation (EU) No 1303/2013 of the European Parliament and of the Council there are horizontal principles but to put them into practice needs strict and detailed instructions for the validation of project plans in accordance with these principles. Without them, the Hungarian Managing Authority will scarcely take into account the suggestions of independent experts and will just bury them deep in the archives.

10. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:



Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

From all I have written above, it is evident that much stronger conditionalities are needed than the conditionalities that exist today.

In the studies referred to in the reply to q. 11, CAAG proposes quite a number of conditionalities. Most importantly, a proper legal framework and institutional system must exist in those countries which receive EU funding, and the government must not make any backward steps in this direction. As far as Hungary is concerned, one of the basic conditions of EU funding should be the implementation of the proposals of Transparency International Hungary: <https://transparency.hu/hirek/javaslatok-korruptcio-visszaszoritasara-magyarorszagon/>

11. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

C: Don't know/undecided

Please add your reasoning for your choice.

It is the duty of the Commission to protect the EU's financial interests. It must not allow any misuse or inefficient use of EU taxpayers' money.

The suspending of funding must be proportional to the non-fulfilment of the conditionality concerned. However, if there is evidence of the violation of the conditionalities on a systemic level, funding should be suspended immediately. Namely, any delay might lead to further damages, and might even make the situation unmanageable.

If the Commission tolerates the breaching of the conditionalities then this sends a terrible message to EU citizens, namely, the message that the rule of law does not prevail in the EU, and those who violate laws and contracts can get away with their misdeeds. Such an attitude by the Commission undermines the foundations of the European Union.

12. Do you have **any other comment** on future EU climate funding in your country?

In my opinion the social environment is also important where the EU funding is used. Just one example to make my point clear. The EU supported several projects of Hungarian State Railways to renovate the line No 30. But the elevators on the stations do not function reliably. Budapest Kelenföld is a main railway station on this line, and one of the main railway stations in Budapest. However, the train station building is almost collapsing. In the underpass to the trains the arriving trains are not displayed; there are some screens but they show the departure destinations and times only. On the platforms the displays with the data of the next train are visible from the edges of the platforms but they are not from a great part of them. Clean, comfortable and attractive building and proper passenger information should be an indispensable prerequisite to get EU funding for public transport.

# Ireland

(written response)

## Part A: About You

Your name:	Sue Scott
The name of your organisation/institution:	Retired, previously with an independent research institute
Your country:	Ireland
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	No
Place and date:	Dublin, 29 Oct 2018

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

Not knowledgeable about MFF but, as a major contributor to research 1990-2009 on Green Budget Reform, I am alert to indications that the MFF is oblivious of the implications for policy of our research.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

Belong to environmental groups but not engaged in lobbying. Being retired means you are less connected to the loop and do not keep up with the reading!

Your role at the EU level:

Not engaged, except during UK Brexit referendum, I wrote 10-page document circulated to 120 recipients in the UK, that included explanation of why co-operation and joint action is necessary for issues where externalities are present, especially climate change.

As a teaser, who said the following about the EU:

“To quote Monnet, the aim was to *enraciner dès aujourd’hui un intérêt commun*....We have to strengthen the ability of Europeans to act on a European basis where the nature of a problem requires a European response” ?

For the answer, see 9:33 and 10:23 of <http://audiovisual.europarl.europa.eu/Assetdetail.aspx?id=-6faf00d3-6e97-41fd-b5f9-a5da009b4c95>. If this link is no longer available, isn't that a telling fact?

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

As a researcher I have to say that the most important thing is the EU's research funding that has enabled evidence to be collected that can inform policy. Without this research, policy would be on shaky ground, though I confess it is still on shaky ground because people have not read the research or have chosen to forget it.

I am referring to EU research projects such as SAVE, COMETR, BARRIERS, analyses of the Community Support Frameworks, and the various networking opportunities.

In addition I should mention that over the years contributory EU funding for environmental bodies such as Sustainable Energy Authority of Ireland (SEAI) and the Environmental Protection Agency, including Green Schools programmes and the like have helped push the agenda.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

It grieves one to see that programmes are not written up. The diffusion part of the research project is somehow omitted. I can think of home upgrades that are regularly not analysed. This is either because the initial set-up does not facilitate it, or because the lack of scientific method means that the all-important "control group" is not established. I know of one project where pity was taken of the control group whose houses were then upgraded, and that evidence was then lost!

My own belief is that it is high time that a study is undertaken that shows the difference between a policy of grants for doing good, and a policy of taxing bads. The distributional and environmental implications need to be properly spelt out and again this needs to be written up in an accessible form.

The prevailing idea that subsidies produce the same result, rather than encouraging the activity that requires the subsidy, needs to be thoroughly dispelled. A lot of thought must go into this message.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion		Not in a position to judge on this question.		
Energy efficiency				
Clean mobility				
Green technologies				
Sustainable agriculture				
Biodiversity				
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

There should be some good examples and I hope that analysis has been undertaken of the **“before”** and **“after”**. I am not in a position to say since I am retired. My own main study of this sort was on water infrastructure, rather than climate, though there is some overlap obviously.

[Lawlor, J., C. McCarthy and S. Scott, 2007. “Investment in water infrastructure – findings from an economic analysis of a national programme”, *Journal of Environmental Planning and Management*, Vol 50 no. 1 January, Taylor and Francis, London.]

Low value-for-money: poor practice:

The SEAI programmes ought to be subjected to analysis and perhaps they are.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.):

Not in a position to say.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

Not in a position to say.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

I fear that without a price on emissions, we are not at the races. I fear that there is no effort to get this across.

There are some great communicators around and they should be asked to help with this issue, from Rex Tillerson, whose statements on carbon pricing have been very sound, to various brave politicians who understand that carbon pricing is the only policy with a built-in revenue to help remove unfairness of the impact and the hidden costs of other policies.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

I am not up to speed but presumably the EU Information Offices can be contacted for guidance?

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

Countries must be allowed to develop their own policies, but the higher effectiveness of adequate carbon pricing needs to be highlighted. The negative perceptions have to be dealt with.

In particular the ability to set aside revenues to help vulnerable agents needs to be stressed.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

In the past this has been achieved by means of Mid-Term Evaluations and the like.

It must be stressed that it requires people with requisite skills and understanding of the “counter-factual”, of shadow costs, etc., not spoofers.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

Yes A, essential.

But isn't this the case anyway in Ireland?

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

**B: No**

C: Don't know/undecided

Please add your reasoning for your choice.

B No.

Each country would surely have people in the universities or accountancy professions who would be capable of looking into this.

15. Do you have **any other comment** on future EU climate funding in your country?

No further comment except to emphasise that carbon emissions pricing is essential and case studies and evidence must be presented repeatedly in an audience friendly way , by popular local people.

# Lithuania

(written response)

## Part A: About You

Your name:	
The name of your organisation/institution:	
Your country:	Lithuania
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	No
I agree that my replies be published with the name of my organisation.	No
Place and date:	Vilnius, 30.01.2019

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I have been working in the field of the EU Common Agricultural Policy for 20 years on promoting climate change mitigation measures in agriculture. I have realized that the public funding for agriculture is almost unrelated to public goods and is not particularly related to climate objectives.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

I am working so that agricultural activities in Lithuania fulfil at least the minimum international commitments to reduce greenhouse gas emissions. Therefore, it is important to acquire the instruments at EU level that would “convince” farmers (especially large farmers) to carry out a climate-friendly activities.

Your role at the EU level:

NO

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

**The advantage** of 2014-2020 EU Common Agricultural Policy is that it started to be concerned about climate issues and on saving of natural resources (biodiversity). Some investment measures of rural development programme, such as investments in biogas production from biodegradable waste (manure, slurry and plant residues) have encouraged operators to invest in sustainable production systems.

**Disadvantages:** Nevertheless, in the 2014-2020 period the European Commission has made the requirement that at least 35% of Rural Development Fund should be allocated for climate and agri-environment purposes as compulsory precondition for the Member State to approve the Rural development programmes but some the Member States managed to make it only theoretically. Due to the high political pressure from the organisations of large farmers, most of the anticipated climate and agri-environmental measures do not produce the required results as were envisaged by the Commission. In addition, agricultural direct payments and investment support under the Rural Development Programme still have only very little link to the objectives of public goods and they do not create real incentives for large farmers to implement climate-friendly measures. Huge public funds have been spent for agriculture, but it did not fulfil the SDGs and is not even coming closer to them.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

Large-scale farmers carry out very intensive lobbying political activity, which enables them to benefit from direct aid and investment support without implementing SDGs, climate-friendly measures and saving biodiversity and natural resources. Civil servants working for the Ministry of Agriculture do not have any real power to develop such a direct support mechanism and investment tools that lead to meet the real public expectations and help to achieve climate and environmental goals. Large farmers have a major impact on political decisions and on the rules of regulation of measures. The European Commission and the European Parliament need more power and political determination to set out fundamentally clear conditions for the use of funds, which would be strictly related to public goods, especially climate-friendly activities and the conservation of natural resources. Experience shows that, with the high degree of freedom for a member state, direct and investment support does not promote the implementation of environmental and climate objectives. It seems that the high degree of freedom for usage of agricultural funds in some countries (like Lithuania), stimulate the increase of social exclusion (inequality) and encourage large-scale farms to apply highly chemical-based technologies in agriculture production.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion		YES		
Energy efficiency	YES			
Clean mobility	YES			
Green technologies	YES			
Sustainable agriculture	YES			
Biodiversity	YES			
Climate mitigation	YES			
Social equality	YES			
Employment	YES			
Rural vitality	YES			
Over production by using chemical technologies				YES



6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Investing in biogas power plants by reducing methane emissions from manure and slurry.

Renovation of residential houses by increasing energy efficiency.

Digitization and renewal of public transport.

Creation of solar and wind power parks.

Low value-for-money: poor practice:

Granting direct support to large farms (larger than 100 ha) increases social tension in rural areas and social inequality.

Giving direct aid for agricultural activities under very low climate mitigation and environmental standards (especially to farms larger than 30 ha) did not create an incentive for farms to take over public goods.

Investment support for agricultural machinery for large farms have provided them a significant competitive advantage over small and medium-sized farms. This has led to the entrenching of large farms and the depopulation of the rural area.

Promoting the export of agriculture raw materials increases the depletion of natural resources.

Intervention purchases of milk powder and other products artificially encourage operators to produce non-marketable products.

Compensation for farmers for certain losses caused by climatic events and swine fever encourage farmers not to manage business risks.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

In agriculture, farms were not encouraged to implement climate-friendly measures:

- the use of energy from renewable sources
- energy efficiency in production
- reducing the use of fossil fuels in production
- reducing social inequalities in rural areas
- the conservation of biodiversity and the enrichment of natural resources (in particular for soil fertilization)
- implementation of bioeconomy and circular economy measures (e.g. reducing the use of chemical fertilizers and increasing the use of organic fertilizers).

Farms were not encouraged to use sustainable farming technologies, either through direct payments or through investment support (through the Rural Development Program), as organisations of large farmers had a significant influence on the setting of the rules of aid, which, in terms of lobbyists' influence, did not effectively meet the requirements of climate objectives and sustainable production.

Other areas for which support was insufficient:

- Investments in the use of urban sewage sludge for biogas production
- Development of bicycle infrastructure in cities
- For transport transformation, to use alternative fuels, e.g. biogas, methane, hydrogen
- Household electricity supply from renewable natural resources (support for individual household solar power plants (panels))
- Bioeconomics and circular economy research
- For the implementation of circular economy business models (clusters)
- To promote a wholesome and nutritious food systems.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

Business projects for solar power plants (panels) have been successfully implemented, but too much support has been given (too high aid intensity), making public funds less efficient.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

First, there must be strict requirements for direct aid to large farmers (using over 100 ha) and the tax exemptions for fossil fuels should be abolished.

Farms using over 30 ha and claiming for direct payments and investment support must be subject to a mandatory nutrient balance assessment in soil and strict control of the usage of chemical fertilizers and chemical plant protection products in farms.

Priority investment support under the Rural Development Programme should be limited to farms up to 100 ha and only to investments that help the farm to obtain energy from renewable sources and to improvement of soil fertility (i.e. increasing humus content and increasing soil biodiversity).

Investment support should be limited to farms up to 300 ha, which implement sustainable production methods that bring real benefits to biodiversity and soil (no support can be given to farms for the purchase of agricultural machinery (tractors, harvesters, agricultural implements)).

To provide support to producer organizations for biogas plants using manure, slurry, sewage sludge, other animal waste and biowaste from food processing.

Promotion of afforestation in infertile lands.

Investment support to municipalities for biogas plants using urban sewage sludge.

Supporting the development of green spaces in cities.

By promoting the use of alternative fuels in vehicles: biogas, methane, natural gas, hydrogen or electricity.

To support the installation of sustainable household heating systems and the provision of renewable energy (e.g. installation of solar power plants on the roof of a house).

Development of bicycle infrastructure in cities.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

I am aware of the basic principles of access to agricultural investment support under the Rural Development Program, the LIFE Program, the Climate Change Fund (Ministry of Environment) and the Energy Program (Ministries of Energy).

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

Support for investments of business and the public sector can be provided only for measures that are consistent with SDGs and environmental and climate objectives.

In agriculture (under the Common Agricultural Policy), it is necessary to ensure that farmers (especially larger than 100 ha) are obliged to apply production methods that increase carbon sequestration in the soil. In addition, farmers who wish to receive direct payments should not be granted by tax exemptions for fossil fuels. Chemicals (chemical fertilizers and plant protection products) must be charged by pollution taxes in order to provide an incentive to switch to renewable and environmentally friendly materials.

To provide investment support to farms implementing sustainable production methods such as slurry acidification technology, usage of renewable energy sources, usage of biodegradable waste for energy production or production of other added value products.

Farmers must be encouraged to manage their production (business) risks, and compensation for the losses caused by climate conditions must be abolished.

Encourage farmers to diversify their production, making the farm more resilient to climate change.

Support should be given to car owners who are switching to alternative fuels (biogas, natural gas, hydrogen and electricity).

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

The European Union providing support to Member State should require from the Member States to provide investment benefit evaluation (return) for the sake of climate objectives, enhancement of natural resources and social equality.

In the case of agriculture, farms that receive direct payments or investment aid must prove that public money has helped to fertile (enrich) the soil, reduce air and water pollution.

I believe that EU control level should be involved in monitoring the obligations of farms regarding quality of soil and other natural resources (groundwater and air) after public money was given (e.g. 5 years after some project was implemented).

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

**A: Yes, setting conditionalities is essential:**

The Member State must provide evidence that the investment projects will achieve clear and well-defined results for climate targets and conservation of natural resources (through the investment instrument modelling method).

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

**A: Yes**

B: No

C: Don't know/undecided

Please add your reasoning for your choice.

**A: Yes**

15. Do you have **any other comment** on future EU climate funding in your country?

# Latvia (1)

(written response)

## Part A: About You

Your name:	Lilija Apine
The name of your organisation/institution:	Green Liberty
Your country:	Latvia
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	<b>Yes</b>
I agree that my replies be published with the name of my organisation.	<b>Yes</b>
Place and date:	Jurmala, 18.01.2019

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

My level of knowledge regarding the MFF is average, since I have not worked yet with the topic for very long.

We are currently trying to change the position of Latvia in the talks regarding activities that will be eligible to receive co-funding from the Cohesion Fund regarding waste incineration facilities. Current official position is to include them; we want to change that. Within the CEE Bankwatch Network we plan to continue advocacy work not only regarding ERDF/Cohesion Fund regulation, but also national NECPs.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

Yes, we are currently involved in advocacy activities regarding Cohesion Fund. We are also involved in influencing the content of NECP and National development plan, which will define activities that can receive funding.

Your role at the EU level:

Within CEE Bankwatch Network we are exerting coordinated efforts to influence ERDF/Cohesion Fund regulation.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

Main disadvantage of past EU funding was too little funding and activities for energy efficiency. Also a lot of climate funding went to agricultural activities, which will not result in reducing climate change. Also some funding went to fossil gas infrastructure.

Advantage was the implementation of some smaller projects, for instance, Salaspils municipality is currently building solar collector field for district heating, thus reducing the need for fossil gas.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

It is important to define better climate funding, excluding the possibility to use it for other unrelated purposes.

The criteria and application process for home insulation projects should be improved – enabling more home-owners to be eligible for the support, especially socially vulnerable groups.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion		x		
Energy efficiency		x		
Clean mobility	x			
Green technologies			x	
Sustainable agriculture	x			
Biodiversity	x			
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

There are some very successful examples of multi-storey apartment insulation projects, especially in municipalities which are actively endorsing and guiding its citizens to apply. Salaspils solar collector project (mentioned previously) is a good example as well (but is still in progress).

Low value-for-money: poor practice:

There are some educational institutions in the regions whose buildings were insulated, however, were later closed due to lack of students. Depopulation in Latvia is an aspect that have undermined quite a few EU fund usages, especially in regions (for instance sewage treatment plants which are designed too large for a shrinking population in the village).

One residual waste incineration plant will be built in city Ventspils with EU co-funding. This will set back progress towards circular economy.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

Transportation which use renewable energy didn't receive enough EU support, resulting in Latvia being significantly behind 10% target for 2020. In 2016 the proportion of renewable energy in transportation sector was only 2,8%. The scarcity of electricity charging points hinders car owners to choose electric vehicles as their next car.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

It helps to some extent, however, not enough, since the economic growth has always been priority number one and intensive forestry and agriculture lobby is stronger than environmental protection attempts and Ministry of Environment and Regional Development. Since Latvia is in rather favourable position, because after 1990 when Soviet Union collapsed, the GHG emissions plummeted as well (and have never risen to the same extent), making us look good and easily reach the goals of international treaties, there are no strong action to greatly reduce GHG emissions.

On paper EU funding is linked well with national strategies, including those related with climate. In practice, too little actually goes for climate protection activities.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

Energy efficiency for housing sector (making this available also for socially vulnerable groups, which may be in debt due to high heating bills)

Renewable energy in transportation (both public and private)

Support for developing renewable energy production, especially smaller scale, community owned

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

For now, I do not know much about this phase, but my colleague is in the monitoring committee, which seems to be an access point for advocacy.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

The climate funding must be defined better, making sure it actually delivers GHG emission reduction.

EU funding should not be available for fossil fuel infrastructure.

Reduction of GHG should be a horizontal principle applied in all EU funding areas.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

A higher control regarding the actual purpose of the usage should be established (not just financial aspects (which are already under high supervision), but fulfilment of the purpose of funding), EU level should have closer supervision on national programmes, since this is where deviations can be built in to serve certain lobbyists.

I am not that knowledgeable to offer exact instruments this can be implemented.



13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

Since in Latvia an opinion that “we are already a green country and thus we don’t need to do much” prevails, also among politicians, and economic growth and growth of material well-being is priority in current political paradigm, stricter mechanism must be in place for Latvia to actually reach EU’s 2050 target for GHG emission reduction.

Appropriate conditionalities could be: setting more ambitious renewable energy proportion target; ensuring that local policies reflect the striving towards these aims (tax and other instruments); ensuring that no conflicting policies/priorities exist (like investing in fossil gas infrastructure at the same time as striving to reduce GHG emissions). In general, if EU funding is given towards a specific goal (which reflects EU goal), then country must prove that is prioritizing the specific cause as well and not be implementing opposing activities.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

**A: Yes**

B: No

C: Don’t know/undecided

Please add your reasoning for your choice.

Probably all, because if a national government decides it doesn’t care about climate reduction activities at all, then under extreme circumstances they might decide to let go the specific funding all together. However, if it impacts funding for other areas as well, it directly impacts the areas that they do care about, which would be politically suicidal.

However, it would be rather extreme approach, but perhaps it might be needed if we are serious about climate change.

15. Do you have **any other comment** on future EU climate funding in your country?

No,

# Latvia (2)

(interview)

## Part A: About You

Your name:	Janis Brizga
The name of your organisation/institution:	Green Liberty
Your country:	Latvia
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	Yeso
Place and date:	5 February 2019

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I used to work for few years in SF Team (<http://www.sfteam.eu>), it is an Eastern European network of organizations working on EU funds. It was coordinated by National Society of Conservationists of Hungary. This project has not been working for around 5 years already. It was an informal network in Eastern Europe working on the EU budget and looking at EU funds. It was coordinated by Green Liberty. Currently Lilija Apine is also coordinating CEE Bankwatch Network, as we are its member organization. We are also a member of Climate Action Network Europe, which is also looking at EU funds. So, I am also involved indirectly in EU budget issues through these networks.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

Your role at the EU level:

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

The Latvian government's main aim is to attract more funding for increasing production. Environment is not the main priority; EU funding for environment has been mostly provided for energy efficiency or something else which does not really harm the industry.

We are not so much involved in agricultural discussions, this is done mainly by nature conservation organizations, with which we are cooperating on a national level. They are concerned even about environmental funds available through agricultural subsidies, which are not always used for environmental purposes, but for intensification of agriculture.

Some time ago funding went for CHP, which was then mostly natural gas. Recently it was for infrastructure development, which is neutral between renewables and non-renewables. Energy efficiency investments have been one of the main beneficiaries of EU funding. Although we work first of all on climate and energy, we have been looking also at the EU funds invested in the environmental sector (water treatment, waste management, etc.) and in some cases, especially in waste management, I don't think that EU money has been spent very well. Especially the mechanical waste treatment plants facilities are not a very good investment, because it is a system which generates low quality materials, low quality organic waste for composting, low quality plastics, mostly for incineration, which is not the best environmental choice for waste treatment. Some of the investments into water treatment facilities in rural areas have been not very cost-efficient, as the infrastructures built have not been really used.

Concerning transport, EU money has been used mostly for the construction of new roads, which is, on the one hand, not an environment-friendly investment, but on the other hand, there is a big need for improving road infrastructure, because it is outdated and poorly managed. The development of road infrastructure has been mostly financed by EU fund.

I think if the government would have had to invest its own money, many of the projects would not have been implemented. They are only implemented because money is available for certain purposes. Sometimes this is good, for example, the government would never invest in the Natura 2000 infrastructure development and other nature conservation projects.

There is also a big discussion about all the construction works (building houses, schools etc.). This is not directly an environmental issue, but how efficiently the money is spent. Basically, it often occurs, that you build the infrastructure just because the money is available, not because you need it.

Biodiversity is something we discuss with national conservation organizations. Most of the money for Natura 2000 has gone into the tourism infrastructure, not so much for nature conservation or restoration, or protection. This might be good from the utility view, because now you can walk around the nature parks on nice trails, but these investments did not really help nature conservation itself. Now we have nature biotope counting, where experts are going out to the field and comparing to what it was 5-6 years ago and it looks much worse, than it was. So, we are losing biodiversity despite investments funded by the EU. These investments did not contribute to losing biodiversity, but they did not help to protect it.

Different drivers are killing biodiversity, more industrialization of agriculture and forestry, which happens also because of the available EU subsidies, especially in agriculture. For example, farmers can use EU money to buy pesticides. There has always been a big fight between the Ministry of Agriculture and the Ministry of Environment, mostly because the latter aims to protect nature, but the former one is doing the opposite with agricultural money. And they have much more money to invest in agriculture than the money available for environment.

There are indirect subsidies in Latvia through tax cards for natural gas, for CHP plants using natural gas from Russia. I think this is mostly socially driven – to provide cheaper heat, cheaper electricity for people, and that is why they are subsidized through the tax system. This makes competition for some of the renewables, but otherwise there are no direct subsidies for environmentally harmful products. We had a feed-in tariff, which was both for renewables and CHP, which they called efficient production, but the current government is trying to cut it and that will mean that they will cut subsidies for the renewables at the same time. We are really pushing to have something instead of that.

All investments for national roads are EU co-funded, maybe local roads are not. There is also a big project now „Rail Baltic“, connecting Baltic states with Warsaw and it will take 10-15 years to finish it. There were many controversies about this project, whether we should have it or not. In Latvia, we have not been against it, but I think in Estonia they said there will not be enough passengers to run the train and they are concerned that it will have to be subsidized after the completion.

There is another project in Latvia for a tram line, which is supposed to be environmentally friendly solution, but it would pass through a nature territory, which has historical value. We have been advocating on alternative routes. So far, the project is frozen.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

Latvia has a lot of social problems, not only environmental ones. Naturally, I would like to see more investments in renewables. But if you look at the position of the country and what consequences the uses of EU money will bring to people, I think the money should be also invested in social cohesion and better distribution of incomes.

In Latvia, not much EU money is going to private business, but it is used mostly for public infrastructure. I know that many of the project calls to the private sector have not been very successful, because it was not so attractive for the private businesses to go for the EU funds, because the bureaucracy is too big and it is very limited how much you can get: I think it is just 30% of the funding and 70% should come from your own pocket. Just because of the bureaucracy it is sometimes cheaper to do it yourself. This is what I have heard in relation to private businesses. As many calls for the private sector are not very successful, you have to announce calls again and invite businesses to participate. This happens because of the complicated applications, reporting, you have to contract someone to prepare your project proposal, you have to pay all the extra costs to get to the funding.

I haven't heard any specific cases of corruption going into court, but of course we have suspicions that some of the money distributed on the basis of political considerations, but there is no clear proof that there has been any violation of the rules during decision-making. There was one case, where we also participated and went to the constitutional court, but we were rejected. One of the municipalities wanted to build a new concert hall, using climate money and we have seen that all the call was built for just this one project, but we were not successful in proving that it is misuse of money. At the end, they built an energy efficient building, but they already had one concert hall and they built an additional one, so what we have been saying is that you don't really save the climate by building second concert hall. We saw it as a corrupt case made for one municipality to get its project done.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion				
Energy efficiency				
Clean mobility				
Green technologies				
Sustainable agriculture				
Biodiversity				
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

The Solar project is something we are working on with the municipality and it have been quite good, experimenting with so far unusual stuff, like solar collectors for public buildings.

Low value-for-money: poor practice:

The waste incinerator is something that we see as our failure. It will be built next year and hopefully it will be the last one. Latvia is one of the countries pushing for cohesion policy to include waste incinerators in the future budget. But I hope they will fail. We have been advocating for the deposit refund system for beverage packaging and that was included in the initial plan for co-funding from the cohesion funds, but then somehow the businesses pushed against it and the whole project failed, so the money was redistributed for the waste incinerator at the end. So, it moved from something, what we advocated to something we don't like.

I also mentioned the same municipality's concert hall built using climate money. At the end we got a passive building, but that money could have been spent much better.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Sustainable mobility has got quite a low EU funding, but maybe because we also used climate funding from the sales of the auctioning from Kyoto protocol. Among others, the money was used for electric cars. I think that one of the reasons mobility was not included in the cohesion policy, was that it has been already funded through a different mechanism.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

Investing in energy efficiency is a must considering our cold climate. We have many post-Soviet block houses as well as private houses and industrial buildings which are poorly insulated. But I don't think there will be enough money to do it all, so we have to look for alternative mechanisms.

Renewable energy and transportation will be mostly switching to electricity, which will take some time, mostly because of the purchasing power of the society (electric cars are not so cheap). I don't really see a quick shift to electric cars here in Latvia, it will take decades. There is also a need for charging infrastructure if you want everyone to drive electric car.

Car-sharing could have more promotion in Latvia, as we have only one company doing it.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

It is hard to say, how people know about EU funds in general. Of course, there are webpages, but if you don't look precisely for this information it does not reach everyone. Maybe it is different for farmers, as they have a registered farm and they get this information from the local farming consultancy. I think usually this information is distributed through business associations or municipalities. There are other possibilities for participation, for example, Green Liberty is a member of monitoring committees, in which other organizations, like trade unions, business associations, chambers of commerce also take part.

It is a problem that we don't have specific funding to participate in this work, but as we are members of CEE Bankwatch Network, through the Bankwatch we spend part of the time on this type of work, but we don't have any national funding for that. You are not paid to be a member of this committee, actually you have to submit your declaration at the end of the year, in the framework of anticorruption measures, that you do not benefit from being in such a committee.

There are some other organizations in agriculture and fisheries. In Latvia we have a NGO consultancy board, constituted by around 20 NGOs working on environmental policy and we try to meet every month. We are usually delegating someone to be part of working groups or committees. We also discuss and report back to other NGOs on what is important.

However, in the monitoring committees it is impossible for us to outvote something, because it consists mostly of government people and if they make a decision on something, then that is it. It depends on the proposal, if the proposal is just to improve efficiency or it is not against the idea itself, then of course it is welcome and appreciated. But, like I said, we could not stop the proposal to invest in the incinerator through the monitoring committee. They have developed transparent commenting scheme, after submitting the comment you always get an explanation why it was not accepted.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

I think the horizontal principle is important: it should be applied not only when the money is invested specifically in energy efficiency, renewables and so on, but also other funding. Of course, there are already some kinds of horizontal priority, but from what I have seen in project proposals, there are very poor explanations on what and how is going to be done on climate and energy.

For investments it is also important that renewables or new alternatives actually replace some of the fossil technology. This should not be just putting up additional infrastructure, like in the case with this concert hall, but replacing something which is environmentally harmful. That should be an important precondition if we would like to cut emissions, otherwise we are just building more and more. Even energy efficient buildings are using some energy.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

In the initial planning stage, you should have a better picture on cost-efficiency for some of the investments. Furthermore, not only the cost, but other factors like climate or energy efficiency targets should be taken into account. More studies and research are needed to back up decisions on where the money should be invested. This should be done in the planning stage. For example, currently we are developing the national development plan, so this is an opportunity to achieve a better link between the targets and activities. There should be also more NGO capacity to look through all of this and maybe provide the alternatives. All this could be a good additional safeguard.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

A: **Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

We have the argument that Latvia is very green, we have one of the highest shares in renewables in the energy consumption. We also have one of the lowest per capita CO2 emission, so it is not very easy to argue for climate initiatives here.

EU legislation must be implemented in the practice, not only by transposing EU legislation into national legislation. For example, in waste management there are a lot of EU regulations which are poorly implemented, and the funding should be linked to the implementation. If we want to invest in waste management, we should clearly show how we are going to deal with these problems, and prove this in the practice.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: **Yes**

B: No

C: Don't know/undecided

Sometimes suspensions can be distortive for a bigger sphere. I think there should be a possibility to cut the funding for a project if it goes in the wrong direction. Also, for NGOs it could be a powerful argument that we can always refer to the Commission and threaten the government that they could lose this money, so that could be one of the powerful tools, which NGOs can use. I think that would be a good mechanism.

15. Do you have **any other comment** on future EU climate funding in your country?

Now we are involved in the drafting of national development plan and we will see how it ends up. It is not easy for the environmental concerns to be included there. We have totally new government, I am not very optimistic, but maybe there will be some new developments.



# Poland (1)

(written response)

## Part A: About You

Your name:	
The name of your organisation/institution:	(national independent institution)
Your country:	Poland
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	No
I agree that my replies be published with the name of my organisation.	No
Place and date:	Warsaw, 17.10.2018

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I only follow the information about MFF, but there is little to none information about it in national press (Poland). So far, I have not influenced MFF actively.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

We try to influence funding institutions to give funds for climate related investments like RES, energy efficiency, fuel poverty

Your role at the EU level:

Here we are not active – maybe only through our liaison organisations, like CAN-E, EEB.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

The good factor was that climate related funding was earmarked. Thanks to that a lot of rail and public transport investments occurs as well as investment in RES and energy efficiency. Anyway, the number of projects prepared for climate-friendly funding have been higher than expected by donors and not all of the projects have been successfully financed. There is a higher demand for climate friendly projects esp. in RES (photovoltaics), energy efficiency (in buildings), public transport and bicycle roads. EU funding in Poland was often conditioned by having a special energy action plan or strategy by a municipality – this caused production of excessive amount of plans, that were totally outside the system of regular municipal planning. Moreover, municipalities do not have full control on the energy issues on the local level – much still lays on the national level.



4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

There is a higher demand for climate friendly projects esp. in RES (photovoltaics), energy efficiency (in buildings), public transport and bicycle roads. The level of financing so far was not sufficient for the number of projects. There is a problem, that much of the funding is addressed to public investment, whereas much support is needed to private housing, private investment in the form of e.g. prosumer RES installations, water storage and use, green roofs (climate adaptation), adaptation of buildings to climate change. There is a need to integrate energy planning and climate planning on the local level with existing plans and strategies of the municipalities in Poland. There is a need to extend the level of competence of local municipalities in Poland in energy sector.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion		X		
Energy efficiency			X	
Clean mobility				X
Green technologies			X	
Sustainable agriculture	X			
Biodiversity		X		
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Public transport investment (a lot of visible changes in Polish cities, cleaner busses, more trams, etc.) – critical mass of investment, though realised with not enough traffic management tools.

Local level programs for investment in prosumer RES installations.

Low value-for-money: poor practice:

Railway investment – too big, too costly, too lengthy, very badly organised by national railway system operator, however extensive in scale and with impact of big change when finally realised.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

Sustainable agriculture – however I have not been following the agricultural programs.

Development of municipal systems of (central) heating (not enough new homes added to the systems) and change of technologies of central heating too low-emission ones.

Circular economy investment and management (but this is a new topic).

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

There is a strategy for climate protection which has been a guiding document in preparation of operational programs for EU money spending. However, the strategy is old.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

Help dedicated to coal mining areas in overcoming the troubles of economy transformation from mining to other economic activities: providing new jobs, retraining into new skills, temporary life help (when changing jobs) – both for hard coal and lignite restructuring areas. All of that leading to less coal mining activities. Also help in limiting emissions in energy sector – more renewables and energy efficiency.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

I am a member of the Monitoring Committee for regional funds in one of the regions. There is easy access to funds, application and plans through centralised as well as regional websites. Planning was in general well consulted.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

There is a need to place more emphasis on merit assessment of applications and separation of funding planning from political decisions guided by non-merit criteria.

There is a need to place more emphasis on control whether adaptation measures do not cause more CO<sub>2</sub> or GHG (in general) emissions. I assess that the measures implemented so far to control if investments are well adopted to climate change were quite good (additional adaptation appraisal). Maybe there should be a criterion placed, that investment which emit a certain amount of CO<sub>2</sub> above the threshold get negative points or cannot be financed?

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

I think level of control of projects in Poland is very intensive and already time consuming, but this is caused in general by national requirements, which are often additional to those EU requires. Monitoring and control should be pursued anyway, but this should be made with less red tab. With new tools. Easier methods. Anyway, I think that carbon footprint can and should be calculated for each project (this is not a very troublesome activity).

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

A: Yes, setting conditionalities is essential:

**B: Yes, conditionalities are important:**

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

As stated above in some sectors investments should be financed only if they do not cross a certain level of emission or only if they reduce emissions (esp. energy and transport).

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

**C: Don't know/undecided**

Please add your reasoning for your choice.

The conditions proposed by me should not lead to such consequence – these are preconditions to take decision before financing and realisation.

15. Do you have **any other comment** on future EU climate funding in your country?

???

# Poland (2)

(written response)

## Part A: About You

Your name:	
The name of your organisation/institution:	Polish Green Network
Your country:	Poland
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	No
I agree that my replies be published with the name of my organisation.	Yes
Place and date:	Warsaw, 16 Nov. 2018

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I have fairly good knowledge, having worked on EU funds monitoring for the last two years. My planned activities include continued monitoring of EU funds for energy and climate in Poland, as well as advocacy for a more climate-friendly next MFF nationally and at EU level.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

Advocacy for better spending in the areas of energy and climate action, monitoring of EU funds spending.

Your role at the EU level:

Advocacy for more climate friendly next MFF.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

The biggest advantage has been the substantial funding for clean transport (urban and rail). However, in many other cases (e.g. some road investments), EU-funded projects had a negative impact on biodiversity due to lax environmental controls and obstacles to effective public participation.

In energy, EU funding in the current MFF has not achieved its full potential because some categories of investments (like small scale RES in the regional OPs) were allocated insufficient amounts of money, and wind and PV investments were blocked by the unfavourable regulatory environment such as the anti-wind farm rules or the net metering system which makes it impossible for prosumers to sell their surplus electricity. Energy efficiency improvements in households have been excluded from EU funding under the current MFF, so this also represents an important missed opportunity. Substantial amounts of EU funds were invested in the development of gas transmission infrastructure. Also, substantial sums were allocated to grid development and RES integration, but that has not resulted in a substantial increase in RES capacity (indeed, the share of RES in Poland's energy consumption has decreased in 2017 according to the statistical office GUS).

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

In future, it is essential to ensure that all EU-funded projects fully comply with EU environmental regulations and climate policies. For this purpose, an independent review/complaints mechanism should be established. Public participation in funds spending also needs to be strengthened, as the Partnership Principle remains elusive for now. Funding for energy projects needs to be more accessible to local communities (but it should be remembered that their ability to use funding for community energy projects, which are crucial for Poland's energy transformation, will also depend on the national regulatory situation).

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion		+		
Energy efficiency		+		
Clean mobility			+	
Green technologies				
Sustainable agriculture	+			
Biodiversity		+		
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Low value-for-money: poor practice:

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

All forms of community energy (insufficient funding was allocated for municipality umbrella PV projects where the municipality buys PV to be installed on residents' rooftops – these were very popular and demand for funding far exceeded the budgets available in the regional OPs; and in the case of energy clusters, the design of the call for proposals was flawed).

Measures to improve energy efficiency in individual houses and combat energy poverty (which are essential for improving air quality) – it was a decision made while negotiating the Partnership Agreement that EE funding would only be available for public buildings and housing communities/co-operatives, leaving out all the single-family dwellings (typically heated by obsolete, polluting coal boilers) in rural and suburban areas).

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

The problem is that Poland does not have an overarching energy policy or a coherent climate protection framework. As a result, EU-funded energy investments have not followed any coherent strategy or blueprint in the current MFF. For example, a lot of EU money (funds and EIB loans) was spent on smart grid investments intended to enable RES integration, while the development of RES was deliberately stymied with regulatory measures. However, given Poland's heavy reliance on coal and the volume of investment that will be needed to achieve an energy transition, in the future EU funding can play a crucial role, provided that it is aligned with a coherent energy strategy (which is not there yet).

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

Community energy including small and medium-sized, decentralised generation facilities, energy clusters and co-operatives, prosumers

Energy efficiency improvements in housing

Clean mobility (especially railway investments to shift passenger and cargo traffic from roads)

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

Applying for funding is a fairly transparent and well-communicated process based on OP websites. However, public participation in the drafting of the Partnership Agreement, programming of OPs and preparation of calls for proposals is problematic and illusory in many cases. In particular, the current setup of monitoring committees places a disproportionate burden on the few organisations that are MC members (they have insufficient institutional capacities to deal with all the subject matter and can be marginalised within the MCs by the public administration side). The current system also offers no genuine opportunities to participate to local communities to be affected by projects, local CSOs that are not regularly involved in the monitoring process but might have a legitimate interest in specific local projects, etc.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

Please consult the Bankwatch position paper:

<https://bankwatch.org/wp-content/uploads/2018/07/MFF-position-paper-WEB-1.pdf>

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

First of all, the Commission should continue to be responsible for approving major projects. Its services should handle environmental complaints concerning EU-funded projects faster and with more resolve. An independent review/complaints mechanism should be established whereby affected parties could challenge the Managing Authority's decisions on social, climate or environmental grounds. And finally, partnership and public participation mechanisms should be strengthened, with more public involvement in the implementation of OPs and preparation of calls for proposals – our experience shows that this could provide a stimulus for climate-friendly projects and ensure better compliance with EU environmental rules and climate policies.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

Conditionalities are needed to ensure that all projects considered for funding are climate-proof (with climate-proofing meaning not only resilience to the impacts of climate change but also a requirement for all projects (not just those under PO2) to have no detrimental impact on climate) and sustainability-proofed (i.e. no projects get funded that harm biodiversity, water resources, etc.).

Our experience shows a lot of cases where the EU spends money on projects aimed at biodiversity conservation or climate protection, while at the same time spending even more money on projects that adversely affect biodiversity and lock-in fossil fuels (such as gas pipelines). In order to spend EU funds effectively, such contradictory spending should be eliminated.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

**A: Yes**

B: No

C: Don't know/undecided

It would be misguided to suspend all funding because that might compromise the achievement of important EU policy objectives and result in unfair treatment of some categories of beneficiaries in some Member States. For sure, funds should be aligned with NECPs, and the Commission should make sure that the NECPs are of adequate quality. Moreover, environmental controls should be strengthened, with the Commission allocating sufficient capacity to be able to quickly review cases of non-compliance and intervene by stopping funding for specific projects. With some countries backsliding on environmental controls and rule of law, and some governments under excessive influence of fossil fuels industrial lobbies, such case-by-case approach is the only one that will be effective while avoiding the political backlash that is more than likely to happen if heavy-handed, general measures are implemented.

15. Do you have **any other comment** on future EU climate funding in your country?



# Portugal

(interview)

## Part A: About You

Your name:	Pedro Santos
The name of your organisation/institution:	CPADA - Portuguese Confederation of Environmental Protection Associations
Your country:	Portugal
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	Yes
Place and date:	11 March 2019

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

My knowledge about the MFF is limited. As far as I know, the EU budget is not so much directed towards environmental issues, but it is very very big in other issues, for example, agriculture.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

No.

Your role at the EU level:

No.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

In Portugal, companies or institutions make some investments in environmental issues, but if we look at these with attention, the biggest part of them is funding for another sector that they try to connect with environmental issues. But they don't invest specifically in environmental issues. They say they do it, but they don't. They try to create a good image without doing the right thing. .

We also have good examples in Portugal, we are making a good job in the field of conservation. There are some projects for the preservation of specific species, for example, near the ocean they made conservation of the dunes.

For example, in agriculture, they say some part of the budget is provided for the environment. But if we analyse how much money goes for environmental purposes in agriculture, we see that it is a very very small part of the budget, most of the money is spent on other purposes.

Another example is transport. In some cases, the officials said they made an investment in noise reduction of, but in practice they invested into the maintenance of the existing infrastructure. So, they used the funds to make a different thing from what they promised.

In most of the projects, we don't see a lot of dissemination of the message, we don't know what is being done. This is one difficulty we have to consider, as it is not so easy to know what opportunities we have lost. Another example is about the bridge connecting Lisbon to the other side of the river, Vasco da Gama Bridge, we asked about the noise maps and action plans to reduce the noise pollution, and we have also made one press release criticizing the absence of the action plans and time frame that we need to get the information. Some weeks later the operator of the bridge released some information about the maps, and we saw that they only have concerns about the population of one side of the bridge, and they only have made some plans for one side of the bridge, and the other side didn't benefit from the plans at all. That is one of the things we saw, that they are not doing the right thing concerning European directives in that specific point, for example. But we have other bridges and the situation is even worse there, because they know the problem and they don't do any adjustments. And I think if the company running the bridge look around in European funds, they can find the money to make corrections.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

I think the biggest part of the EU money for environment is used to reduce air pollution and this is a good way to expand the money, other fields receiving some money are biodiversity and species conservation.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion				
Energy efficiency				
Clean mobility				
Green technologies				
Sustainable agriculture				
Biodiversity				
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Regarding air pollution, few things are done. For example, there was a project called Giza Project, and this project explored the connection between the air pollution and health of newborns. The analysis was made in the area of production of motor fuels, mostly diesel. The conclusion was that there is no connection between air pollution and the health of newborns in that area, but I have some doubts about that and probably the project will continue.

We also have a national project called Climate ADAPT, which runs in 20 municipalities in Portugal and they study the impact of climate change in different areas of Portugal. That project delivers good results because we found some ways to act, the municipalities made some adaptations, and I think that we can act not only in those municipalities but in the other ones too.

Low value-for-money: poor practice:

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

We have to continue to fight against Climate Change, it is important to raise awareness that we need to increase sustainability in social consumption, that is one main issue the funds should be used for. I think that Paris Agreement has to be on the streets, not only in the governments and on the mouth of ministers and institutions, it has to go to the people and make them feel the necessity to change the way they live and act, and to make sustainability a way of life. Another point is noise pollution, also because most sources of noise pollution are also sources of air pollution, so we can tackle two major problems with the same measures. The traffic is a major source of both noise and air pollution. Also, many industrial companies are at the same time sources of noise and air pollution. That's why funding should be provided to work on noise and air pollution at the same time.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

It is not so easy to participate, as there is not much information available. We don't know very well how the money is spent, even if it is said that it was spent on environmental issues. I have a strong suspicion that they use the money intended for the environment on other issues, and I think we and the EU should better control the use of the money. We should know more about the ongoing projects and we would like to participate more and more in the projects, to follow them and to understand the solution they are trying to implement. Sometimes we don't know the solutions and there is no chance to understand them and to spread the word to other companies. Here we have problems with property rights, but we need to make that cooperation between companies.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

We need to create a specific point to the environmental issues and not put it in the middle of agriculture, economic, and social and territorial cohesion. We know that environmental must be included in those kinds of issues, but if we put it in the middle of other topics, it is difficult to use the money for specific environmental points. My proposal is to create a structure where the money will be intended only for environmental projects.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

An efficient structure should be created a structure to follow the correct implementation of the money. Maybe the European Commission should create a special committee to analyse the use of the money. This committee should include people from different sectors (NGOs, various companies). Public participation and transparency should be improved a lot.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

One institution should be able to participate in a maximum of two projects, not more. We should give an opportunity for participation and use of the funds to other companies also.

Another national conditionality is to direct the money to a specific issue. For example, we know that 30% of the money needs to go to the projects that are related to the nature conservation, the other 30% needs to go on the noise pollution, 20% on air pollution. There should be some maximums for specific areas.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

C: Don't know/undecided

Please add your reasoning for your choice.

There should be strong penalties if the rules are not followed. Suspension of all funds could be bad for the companies that follow the rules, just because others don't follow the. One company shouldn't suffer because of the actions of another company.

If the funding is suspended on the national level then the participants will suffer, not the government, because the people in the government don't use this money for their needs. We should think about other penalties, not only suspension of the funds.

15. Do you have **any other comment** on future EU climate funding in your country?

# Romania (1)

(written response)

## Part A: About You

Your name:	
The name of your organisation/institution:	
Your country:	Romania
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	No
I agree that my replies be published with the name of my organisation.	No
Place and date:	Tg. Mures/30.11.2018

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I was involved in the Steering Committee at the Regional Development Agency from the Region “Central Transylvania” in Romania, which was responsible for the management of EU funds for the Regional Development.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

Our organization is involved in projects promoting and lobbying for the elaboration of climate friendly development strategies and related use of the EU funds, mainly in the city of Tg. Mures and in the Central Region Transylvania.

Your role at the EU level:

We are members of EEB and we were involved in a project whose scope was the monitoring of sustainable use of the EU funds in Central and Eastern Europe.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

In Romania in the use of the EU funds can hardly be identified in projects whose aims are the protection of the climate and the environment. Even the funds specifically designated for the protection of the environment, for example the funds used for the water management are used for water regulation works which are destroying the river ecosystems (see the regulation of the Niraj river). I think more strict control in use of the EU Funds specifically in water management would be useful.

Unfortunately, I can't give any successful investment example. There are some planned projects like purchasing electric buses for public transport, but I don't know any finalised project.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

I think it is necessary to have a more coherent programming process. For example, in the case of a town, SEAP has been elaborated in the framework of the Covenant of the Mayors, but this action plan hardly can be noticed in the SIDU (Integrated Urban Development Plan) which is requested for accessing the EU funds. In the countryside one can hardly see any criteria concerning the climate protection and the environment in the LEADER funding mechanisms. We are now conducting a study concerning the importance of the SDGs in the funded projects by a LEADER group, and we couldn't find a single project which was focused on them.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion		x		
Energy efficiency		x		
Clean mobility	x			
Green technologies		x		
Sustainable agriculture	x			
Biodiversity		x		
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful, good practice:

Insulation of buildings in the towns

Low value-for-money: poor practice:

Water regulation projects

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

Urban mobility: Alternative transport should be promoted, for example, in each town the realization of a coherent bike path system should be compulsory – not only few isolated bike paths as well as improving public transport.

Sustainable food supply chains: In Romania it is still possible to provide food for the towns from the neighbouring small and medium size farms. If direct distribution systems were supported a big part of the greenhouse gas emissions could be avoided.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

The problem is that the national climate protection strategy is just on paper, it is not a priority, so the spending of EU funds reflects this fact.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

I think for us the main areas would be the

- transport sector (improve urban transport by promoting biking, improving public transport), reorganising the structure of the towns in order to reduce the mobility needs
- agriculture (reduce the distance between the producer and consumer by promoting short distribution chains, supporting small scale agriculture, and the multifunctional use of the rural space)
- energy sector (supporting alternative energy production and energy efficiency)
- water management (stop funding water regulation works which destroy river ecosystems, and fund wetland restoration works, by involving the local communities)

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

In the past there were several opportunities for the participation of civil society in the EU funds programming and implementation process, but actually the opportunities were reduced significantly, and generally the civil sector is weaker than it should be.



11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

As far as the implementation at the local level is concerned, more attention should be paid to the planning process; in the case of the localities (in projects for the urban areas compulsory criteria linked to climate change should be introduced), and the same should be in the rural area, at the microregional – LEADER project – level.

Projects linked to water management, agriculture, and forestry should be approved only if criteria linked to climate protection are respected, and for this a much larger involvement of civil society is necessary.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

In my opinion, the bureaucratic EU monitoring and control is not very efficient, I think it is better to find an interactive approach during the elaboration of the projects, maybe an international consultative group which can give recommendations to the EU decision-making structures, would be more efficient.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

A: In my opinion a set of criteria concerning the climate protection and sustainability would be essential.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

**A: Yes**

B: No

C: Don't know/undecided

Please add your reasoning for your choice.

example

A: In my opinion it is better to not have funds for harmful projects concerning the environment than to have money for them. Consider the water regulation projects: There are accepted exceptions from the Water Framework Directive in critical situations, but if there are a high number of exceptions, what is the exception and what is the rule?

15. Do you have **any other comment** on future EU climate funding in your country?

It would be very interesting to have a special funding line for climate projects in consumption in the rural/urban areas, to promote together the sustainable consumption and sustainable production of food.

# Romania (2)

(interview)

## Part A: About You

Your name:	Eliza Vaş
The name of your organisation/institution:	
Your country:	Romania
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	<b>Yes</b>
I agree that my replies be published with the name of my organisation.	<b>No</b>
Place and date:	28.11.2018

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I consider myself having moderate knowledge on the MFF, being more aware of some aspects and less aware on the others. With regards to my professional profile, my full-time job is here at the Institute, but I also have a part-time job in an NGO that is active in the field of youth, social and NGO development.

At my workplace, I am in charge with coordinating two studies this year. The first is on the next multiannual financial framework and the 2nd on the transition to circular economy in Romania. For each of the two studies we have selected a team of authors that is specialised in the research field and can provide us with specific policy-oriented recommendations for Romania.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

I would not say that I am engaged in advocacy on climate-related funding, rather that I am involved in communication and research activities on this topic, especially in connection to my workplace here at the Institute.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

I am more familiar to environmental projects rather than climate ones. For instance, with the help of the current funding available and the past one (2007-2013) there were many households connected to running water and sewage infrastructure. One specific example in this case is the one of the counties Cluj-Napoca and Sălaj, where projects of approx. 600 mil. lei were financed through the Sectorial Programme for Environment.

I think this can represent a very good example of the advantages brought by past and current EU funding on environment in Romania.

Another example in this field would be the one which supported the development of integrated systems for waste management. We have more than 30 counties that had started to build these systems, some of them are functioning, while others need further investments and associated projects and some are just in the development phase. But as a general point of view I would give this as a positive example, considering that Romania has important problems when it comes to recycling waste. I think only 5 to 10% of the waste produced is actually being recycled. So, these systems for integrated waste management, that were built with EU funds, definitely represent an advantage for Romania.

I think to some extent the EU funds provided for the Romanian authorities some policy directions. There were a lot of projects, not only in this field, but also connected to energy efficiency and the funds helped the local authorities to update their policy agenda and to improve the households and buildings people are living in.

I can't refer to disadvantages, as I was not involved specifically in the projects. I have only a broad image of what it was to obtain funds. I have seen in the other sectorial programs of the EU mainly the difficulty for local authorities and also for NGOs to access these funds. There was a huge bureaucracy fight, there were many NGOs, which tried to set some projects and apply for funding, but it was very difficult for them to deal with everything concerning bureaucracy and red tape. When it comes to other types of funds, like Erasmus, that is another thing, it is much easier. But when it comes to structural funds in some cases it was difficult for NGOs and even local authorities, especially coming from rural areas, to access the funds and have the know-how to implement the projects.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

I am not aware whether there was a financing line for accomplishing, for instance, climate change objectives, but from what I have researched until now the answer is pretty much no. But when we look at the actual climate changes that occurred in Romania in the past years, namely the desertification process in Dolj county, that has intensified after the forest surface in the area was diminished, we see that this represents a big issue and it is about to become even more serious in the years to come. From this point of view, I would like to see a synergy between the funds in order to apply with projects which are connected to the Common Agricultural Policy, but at the same time they also come in the help of climate change objectives.

Desertification is happening mainly because the forest surface in that area was diminished, a lot of forests have been cut and I am not aware of any projects in order to improve the situation in the area. So I think that one possibility for the future MFF would be to have access to specific EU funds, focused on climate change in order to help those regions where people are living in and desertification represents not such a big problem at the moment, even though it is spreading, but it will definitely represent an important problem in 5 to 10 years from now on when they will no longer have the chance to do subsistence agriculture.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion			<b>X</b>	
Energy efficiency			<b>X</b>	
Clean mobility		<b>X</b>		
Green technologies		<b>X</b>		
Sustainable agriculture		<b>X</b>		
Biodiversity		<b>X</b>		

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

**Successful:**

Assuring the access to running water and sewage infrastructure (although successful in some parts of Romania, the issue still remains an important one with many outdoor toilets and improper conditions for the citizens living in rural areas).

**Low value-for-money:**

I would give as an example the integrated systems for waste management. Some of them are functional while the majority are still lacking some points to be fully available (out of 32 built only 5 are fully functional).

**Observation:**

I am also aware that it was difficult even for the local authorities to access the money from the current Multiannual Financial Framework given the fact that management authorities operating the funds launched the first calls for proposals in 2016.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

There is the proposal of the European Commission that the budget for a climate change and environment is going to increase, I think in 1.7 times and it is definitely to appreciate that this represents a political priority for the Commission.

And when it comes to regrouping, I think, again, about the connection between the Common Agriculture Policy and the climate change objectives, especially when it comes to the rural areas where the climate changes can really affect what is going on there. I had given a specific example of southern part of Romania.

In addition, when thinking about regrouping, I would see the connection between the Cohesion Policy and the transition to circular economy. For the future it could represent a specific target, considering that circular economy could greatly contribute to climate protection and to the development of regions.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

I am not aware of the extent. In the National Strategy for Sustainable Development there are a couple of references between the synergies that should exist between the national funds available and the European ones, but I do not have the data to tell you to what extent this objective is actually being accomplished.

More details are available here: [http://www.mmediu.ro/beta/wp-content/uploads/2012/06/2012-06-12\\_dezvoltare\\_durabila\\_nsdenglish12112008.pdf](http://www.mmediu.ro/beta/wp-content/uploads/2012/06/2012-06-12_dezvoltare_durabila_nsdenglish12112008.pdf).

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

I would say to focus on the transition to circular economy, first and foremost. There are some promising domains in which there can be invested in such as: recycling industry, compost industry, developing circular business models, eco-agriculture and digital innovation.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

I think it depends on which EU funds we are talking about. You have the management authorities, that are actually acting as managers for the funds available, for authorities and also NGOs, private companies and so on. From this point of view all the information is being promoted on their website, so you can see that the Ministry of European Funds which is coordinating some of the management authorities and also the Ministry of Public Administration, which is managing other funds – you can find all the information available here.

The problem is not in where you can find the information, but what you can do with it. There are lots of people, especially, from the rural areas, who would like to access these funds, especially in agriculture and Cohesion Policy, and they are not fully aware of how they should do this, how to implement the project, what bureaucracy you have to face in order to actually have the project. So, the information can be easily accessed by the citizens, but the problem is how to actually use that information in order to produce an outcome.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

I have seen from the proposals of the Commission that we are going to be focused on simplifications, I think this can be definitely a good point when it comes to Romanian authorities to be able to access the funds and have them all in the same place, and to have a little bit of support when accessing the funds. Another thing Romania could benefit from would be to focus on bioeconomy and climate change by using the funds available to the Common Agricultural Policy. Up to this moment lot of funds available from pillar 1 and pillar 2 have been used specifically for farms for producing various agricultural products, and I think there should be better connection between what is actually happening on the farms and the impact it has on the environment.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

At the moment we have these management authorities, that also do audit activities on the projects. From this point of view, you have the first check and maybe when it comes to EU added value it would be good to have a cross-check at the level of EU Commission to see exactly how the projects connected to climate change from one country are connected to the same projects in other countries.

For example, the Southern region of Romania can have an impact on the Northern part of Bulgaria in case the situation of desertification will be getting worse. At least from this part it would be good to see how can you answer to common climate change objectives in various countries and if there are specific things, that European Commission might do in this case in order to assure a collaboration between the national governments. Even though the local and national action is quite important and is very good that we have funds available at the European level, it is also important to have an EU overview and EU relationship over this, at least from cross border point of view.

To solve this issue, management authorities could be put together on these specific cases. They do check the projects, but I think this could be taken to another level to see the connection with climate change. After all, it would be just an indicator that you are researching upon in the projects that you are currently approving and financing.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

A: Yes, setting conditionalities is essential:

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

**E: Not decided:**

This is a very sensitive issue. If you are talking about the member states, whether they should increase their contribution to the EU budget, you will see that in the majority of the cases there will be a “no” answer. So, if the national governments are not willing to increase their financial contributions, then the system of conditionalities can represent a possibility in this regard.

But then again, if you apply conditionalities, let’s say the tax on plastic, that for Romania is going to be a tricky thing, as we have so little plastic being recycled, and it is for sure that we will have to pay a lot for this. And at the same time if you impose conditionalities it should be made sure that these conditionalities are being applied only to very-very specific part of the projects and funds. I think in most of the cases, if you would like to target governments you should not target the civil society by applying these conditionalities to them, too. When it comes to Romania, civil society is highly relying on the EU and international funds, as national funds are quite scarce. So, if the EU wants to apply conditionalities to Romania on specific cases regarding recycling, for example, I think in the end there might be less money for supporting civil society projects.

When it comes to energy, each member state has its own right to establish the mix of resources that it wants to use in the economy. Even though we have the EU Strategy in the field of energy, there are still member states, which are taking the lead and others which lag behind. I am not very sure how the Commission could enforce that member states to take good measures on using resources that are less bad for the environment.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

**C: Don’t know/undecided**

Although I am pretty much in favour of climate protection and this will be the biggest challenge for European Union and the whole world is going to face during this and next decades, I am not sure that the system of conditionalities is going to be the right step to take in order to ensure the respect for these objectives and policies.

I think in the end it is all about the political priorities, that we are actually setting with or without the conditionalities. If, from economical point of view, you take the inputs that you insert in the economy and outputs that you are going to get, and you will see in the end, that these outputs come at large environment cost. I think that the governments would not like to see themselves being responsible for the generations to come that they do not have the resources for the lives of the people. I think it is more about the political priorities, that we are establishing and going in the same direction with other countries, that belong to the same Union, as is the case for the EU. But when it comes to the EU you know that gas emissions only represent one-tenth of the world's greenhouse gas emissions. What's going on in the EU is just a drop in the ocean from what is going on throughout the world. I am very much in favour of the cooperation between the EU member states, but I think the problem should be actually tackled more at the global level. Especially when you have the USA with the current administration considering that the climate change is not actually viable subject for discussing and it is not happening. It is more about the political priorities that you are setting rather than the conditionalities that you are trying to impose in one way or another. The governments are not changing their mindset after having several conditions or not, but they should be aware of all the risks they are taking when adopting decisions that are coming against the environment and producing more climate change damages. I think it is part of the mindset in this case.

15. Do you have **any other comment** on future EU climate funding in your country?

No.



# Slovakia (1)

(interview)

## Part A: About You

Your name:	
The name of your organisation/institution:	active in several NGOs
Your country:	
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	No
I agree that my replies be published with the name of my organisation.	No
Place and date:	18.12.2018

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I am an independent consultant for different NGOs, primarily working in the field of animal welfare, but also touching upon many other topics.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

I have been looking at the EU budget primarily from the perspective of common agriculture policy, especially relating to animal welfare. The climate issue has been linked by society in Slovakia mainly to the coal subsidies recently.

Your role at the EU level:

I am not engaged much on EU level.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

One of the basic problems is the transformation of the coal mining region, to make it a just transition process. There is the question of continuing the subsidies, especially the legality of the indirect subsidies for coal mining via the mandatory purchase of the brown coal by the electricity company resulting right now in 115 million Euros a year of additional funding that we pay though our electricity bill for the burning of lignite, not even brown coal in Slovakia. The phasing out of the subsidies is to be started. The relation to EU funding is that the EU is basically a part of the transition process for the coal regions, and the topic is the competence of the Vice-President of the European Commission Maroš Šefčovič. The EU is looking at providing funding to support the closure of uncompetitive coal mines and the transition of the coal mining regions. There is EU funding, which is going to be flowing to Slovakia that should help to support the transition away from the coal. The question is whether this funding will be used in a proper way and how much this funding will help to phase out coal mining as such, not just helping to phase out the subsidies, which makes a big difference.

EU funding in general has been quite a bit of opportunity that Slovakia has not used to its full extent. There are many things, which have been funded by the EU, but sadly this is not happening always in the most efficient way. It is interesting in view of the upcoming period, to which extent, for example, the large infrastructure projects actually really fulfilled their public obligations and help to foster the transition to a zero emission economy. How can the EU declare that we have will have zero carbon emission as soon as possible and at the same time use massive public funding to support the building of gas pipelines? Yes, it is better than coal, but ultimately it doesn't make more sense. We must accelerate the funding for green energy infrastructure, for smart streets, for R&D in electricity storage, etc. However, the EU has been financing things against these aims, against its own interest and its own pledges on climate.

The main advantages: There has been a lot of funding available to try to help reduce regional inequality, and to support regional development. In terms of environment, EU funding helped a bit in terms of municipal wastewater treatment. Also, it has been really good and could be expanded that there has been support for railway infrastructure as a sustainable transport mode.

The disadvantages:

How the funds are used depends first of all on the Slovak authorities, but the way the EU has structured the funding is also important. I think the problem across all former Soviet countries is that, even if the framework seems to be set up decently, but then in the implementation there are risks of corruption and mismanagement of the funds, as well as sometimes too much bureaucracy.

The EU has been co-financing the construction of highways which also creating big environmental problems; this basically helps transportation based on fossil fuels.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

If you talk to stakeholders in other countries, they say they are trying to take the money, but then they don't get the proposals accepted, despite fulfilling all the criteria, yet there is a large amount of money, which is not being utilized.

Public procurement is not streamlined sufficiently. So, sometimes it takes years to procure, for example, the construction of industrial composting facilities for a town. As far as improving transparency and eliminating corruption as well as increasing efficiency is concerned, it is important not to look only at cheapest option, but also look at which option is sustainable.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion				
Energy efficiency				
Clean mobility				
Green technologies				
Sustainable agriculture				
Biodiversity				
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Low value-for-money: poor practice:

Poor practice example is highway construction, especially in Northern Slovakia, where you could see that the authorities are pushing the scenario that is basically cutting through Natura 2000 areas, even through a protected bird habitat. The government is pushing it through disregarding environmental considerations, despite the fact that alternative scenarios are available, where the environmental impact is much less. Ultimately the Commission had to intervene, saying that it will not pay for the investment. Finally, the project had to be changed. The country has wasted around 2 years communicating back and forth about the solution, which should have been there long time before.

Market distortion relating to EU funding is also present to some extent. This is not always bad, because without it in the free market the external costs are not calculated. In fact, the environmental external costs are generally not included in the final price of the product. So, if you have a situation where you have a possibility to distort the free market, because there are requirements for something in terms of health and environment, that distortion is good. But this does not mean that EU subsidies have not played a very damaging role in some cases.

I know it from my experience in the past from my work on development that the EU has been dumping subsidised agriculture products to other countries, which caused massive problems in developing countries, especially in Western Africa. This is something that has to be addressed. We should show an example by the Common Agriculture Policy how the EU funding can be used to support things without negative impact on the environment, human health and animal welfare. Often, we use subsidies to damage the environment and this is not right.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

It is hard to pick out any areas that have not received sufficient EU funding, because there are so many of them. I think there is a need to invest in the climate issue across the board. We need to increase not only direct grants, but also other forms of financing for energy efficiency. Direct financing is needed for R&D in this field, because that is something that is going to be crucial in the transition, but it needs to be done in a way that ultimately is not only for the benefit of the corporate system. It should be made in a way, that its centre is the citizens and it will directly benefit the citizens. This is the big challenge that the EU has at the moment – the discontent among the citizens who feel that the EU does not help them.

Europe needs a new project and vision of structuring the EU budget. Energy efficiency is an opportunity for the EU to be part of the solution in figuring out how to make the transition fully sustainable and climate neutral. We should have initiatives that will support the transition away from the combustion engine. When I saw now the compromise for 37,5% reduction of greenhouse gas emission from cars by 2030, I think that is not enough. I think that EU businesses and citizens will suffer if we don't speed up the transition away from the combustion engine. We are just trying to lower the amount of the emissions they produce. These are the challenges that the EU is best suited to address with its own funding.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

I don't have up-to-date information about the use of EU money for climate protection. In the earlier drafts everybody wanted to have a piece of the pie, there was especially strong pressure from some corporations, who are very keen on getting funding for transition. But also the state is trying to cover its own costs with EU funding.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

This has not been done in the best way. The application time is often insanely short, so you have to be well connected or knowledgeable to be able to get into the queue. I think this is something that can be substantially improved. Generally, the information about the opportunities to receive EU support for environmental purposes on local level is fairly weak, more what you see is a kind of general advertising that the state does.

I think in Slovakia we are fairly good in opening up the access of public and different stakeholders to the consultations of how, for example, the programming is done. But then the question is: to what extent the really relevant outcomes from the stakeholders are accepted, and in the practice that is much less than desirable.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

I think in general EU funding should have sustainability not only as a declared goal, it should be cutting across all projects funded by the EU, it should be a necessary criterion for all subsidies. We cannot afford, as a union, to keep on going this way, financing environmentally unsustainable activities. This is not only about animal welfare, it is about water pollution, antibiotic resistance, climate change, air pollution, you name it. For example, there are serious sustainability concerns connected to the Common Agricultural Policy. Although there are measures leading to certain improvements, the foundation has not changed, and I think that is what needs to change. Across the board in the EU we need to make sure that all EU funding is done in a way that it supports sustainability. Because if we want to manage the climate change on a bearable level then it is going to require tremendous effort. And if we don't find the money for that, then we will be in a big trouble. The best way to get the money is to make everything running according to this criterion. It is really weird to see that fossil fuel projects are supported with public money. One of the first things we need to cut is subsidies in any form for the use of fossil fuels – not only from EU money, but all public money. At the same time we have to put more funding into energy efficiency, renewables, smart networks and research & development in these areas.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

In our country there have not been any convictions related to corruption with EU money, so from a legal point of view, there is no corruption problem. So, there is mostly a suspicion of corruption. If the judiciary does not work the way it should, then no one will be convicted. Transparency and predictability are always the tools that help with such issues.

There is no easy answer to what the EU should change, as one should do it without constant oversight by the European Commission. In Slovakia we have quite high transparency in the public sector, for example, there is the registration of the final beneficiaries. If you want to have an EU funding approved, you have to be a final beneficiary as a private entity. So, there is a quite an effort to exclude shell companies. You have to have all the contracts published. Yet all this does not mean that Slovakia entirely rooted out mismanagement and corruption.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

On the one hand, it is about how the program is set up. On the other hand, concerning the wider conditionalities on the general political level, there should be obligations for the country to receive EU funding. Enforcement of the legislation and of the commitments is a basic pillar that the EU is standing on. So continuing funding for countries, especially net beneficiaries, which are not fulfilling basic democratic criteria, means that the EU is undermining itself. This is something that needs to change, and it is not going to be easy; it will have to be handled sensitively, because, of course, these regimes will be fighting by targeting the EU, but still relying on the EU to a great extent. So, these governments would be way more open to make changes instead of losing the money, because also the oligarchs, to whom they are connected are interested in business. I think this is one of the pressure points that the EU should utilize. But the EU should utilize it fairly and to everybody who is breaking the rules and the EU should make sure that the rules are enforced.

EU funding must not be provided when there is a breach of the EU regulations on the environment. There should be a strong connection between EU funding and achieving national climate objectives, for example.

If the country has agreed to implement a certain reform program and it is not delivering, there is no reason why the EU should keep continuing to fund the country.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: **Yes**

B: No

C: Don't know/undecided

If there is a violation of rules concerning a certain project, the project should not be funded. If there are wider breaches of the rules or agreements, then suspending funding is only normal. The funding should be withheld until the things are set back in order.

15. Do you have **any other comment** on future EU climate funding in your country?

Slovakia is one of the countries that has been facing a court case by the Commission for not fulfilling the air quality obligations. According to my information, the reason why we were not sued by the Commission is that our monitoring is so bad, that the data are unreliable. Everybody knows we are not fulfilling the obligations, yet the Commission did not sue us, as they could not rely on the data to show the case in the court, but actually we are breaking the law.

# Slovakia (2)

(interview)

## Part A: About You

Your name:	Daniel Lesinsky
The name of your organisation/institution:	CEPTA
Your country:	Slovakia
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	Yes
Place and date:	06.02.2019 and 21.03.2019

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I participate at monitoring of ESIF since 2006, representing different NGOs and we plan to be active in programming of the new 2021-2027 MFF following the public interests & sustainable development also in Slovakia.

Climate investments and actions – supporting mitigation as well as adaptation are of such public interest bringing multiply improvements for long time ahead. It needs good strategic approach, but it also requires multi-sectoral approach that makes it a bit more complicated. And this is the challenge we have to follow.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

At the national level I am involved in some groups, which are planning EU funds for the period 2021-2027 and I am also member of monitoring committees ESIF 2014-2020 for the Rural Development Program, the Program for Research and Innovation and the Regional Integrated Program.

Your role at the EU level:

At EU level I am not engaged at all at the moment.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

EU funding motivates the Member States to act in accordance with EU legislation, EU targets, and those targets are also related to environmental protection. This is in general a positive point.

In Slovakia we had big investments financed from EU funds for the transport network: TEN-T highways and also some selected railways. The problem was that those EU funds had some very limiting conditions, according to which it was possible to invest in railway rolling stock and tracks only in the TEN-T network. In Slovakia there are only 2 TEN-T corridors, which means that the quality of all other railway lines and trains remain at a very low quality, just as 20 years earlier. In general, EU funds till 2020 allow Slovakia to prioritize car-transportation at international, national as well as at municipal level.

On other side – EU funds are the main driving force for renewable energies & sustainable mobility development (like public transportation, cycling infrastructure etc.), what I consider as positive.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

The horizontal principle Sustainable development which had to be as the conditionality for any EU investment in Slovakia has been totally botched, with NO competent guiding and monitoring body at EU level (NO at DG REGIO, NO at DG ENVI!). This I consider as the main systematic errancy of ESIF 2014-2020 and those 2007-2013 as well.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion				Y
Energy efficiency		Y		
Clean mobility		Y		
Green technologies	Y			
Sustainable agriculture	Y			
Biodiversity				Y
Other (please add)				
Other (please add)				

NOTE: I have no relevant analytical data to evaluate those questions detachedly. SO respond is just MY personal opinions



6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Railways reconstruction at limited corridors. Green energies for households. Energy efficiency at schools, buildings...

Low value-for-money: poor practice:

Organic agriculture, Integrated production support (in Rural development programme). Air protection measures, biomass burning support...

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

- Sustainable, low emission mobility means and infrastructure (cycling, electric, bio-gas...);
- Air quality monitoring, analyses, source apportionment, transparent data system;
- Circular Economy and Recycling technologies development with high added value;
- Renewable energies production
- Smart energy networks
- Organic farming and food production

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

EU funds helps for sure, but to what extent? - I don't have relevant data for it. It is significant for sure.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

Sustainable mobility

Renewables & Energy efficiency

Smart grids

Circular Economy – recycling industry (incl. research & development)

Carbon tax & green public procurement for any public money

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

EU funds are very complicated to reach & connected to a lot of problems, thus the majority of people don't consider them positive.

The public has very limited information of what EU money is doing for us. It is surprising for me that there are strong voices against EU, against EU funds, etc. and there is the belief that EU funding is only to support political parties, corruption, ministries and so on. This is true, but only partially. The other side is that from EU money were created many-many good and useful things, environmental projects and so on, but this is not communicated well. For sure, this communication should be not in the hands of Member States, of national governments, this should be a governance by the European Commission and representatives Member States together; so, there should be some capacities for doing this work, really looking and finding good practice, good projects and have the budget for communicating well in the national media. It would be normal that if you have this communication campaign designed well, then there should be really no inhabitant in any Member State, who will be saying that EU is just negative for us. This will be an indicator for us of how good it is designed.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

The national government should have a much more transparent I propose to create an independent system of distributing the EU money, a system which will be not directly fixed on ministries, but there would be one central institute, and this central institute would be under the competence of the European Commission, not under the competence of the national government, but it will closely cooperate with the national government to agree on the programs and also to manage the investments. This needs a deeper analysis of conditions in particular member states. For Slovakia I see this approach as the most effective, and of course with less corruption.

The national government should have a much more transparent, much direct approach to get the results to really go through a participating approach and to get a general agreement before the money is distributed. If this agreement would be achieved, there should be no problem with approval by the monitoring committees. This approach should be a basis for programming, so it should be done before the new programming period starts, and it should be a basis for implementation, too, which means that you have to have the same approach from now, if you are preparing EU funds as in the period when you implementing. And then I would see no problems with implementation.

In Slovakia there were changes from 1 January 2019 for the monitoring committees, that it should be like I proposed around 2-3 years ago in the Central Coordination Organization, which has the responsibility of coordination EU funds in Slovakia and now they accepted it. In the monitoring committees state representatives can have max. 49% of votes, we see what changes this will bring. They saw that simply if we leave the decision to the ministries (like in National projects), then we get very poor results.

The situation in Slovakia is quite different from Hungary; in Hungary you have one major party, which controls all the ministries. In Slovakia we have 3 political parties, which have divided among themselves the different ministries and those parties have to have agreements how much money will go there and there, and this way it is very complicated. This is the main reason why in Slovakia in March of 2019 we have just 20-25% of spending EU money for the period 2014-2020.

Maybe the model I proposed is not the best model, and such a model certainly would not be politically acceptable for a political party that has a majority in parliament and that controls all the ministries. However, if we are speaking about the next seven years, it is not sure that the present party will have such majority and then, if we would like to keep the EU funds running and continue spending, then this should be made as independent from political influence as possible.

Concerning changes for monitoring committees, we just know that the Central Coordination Organization did accept our condition which means max. 49% of votes for state representatives in monitoring committees. This decision is obligatory for the government, all ministries. It is on paper now and had to be started to be put in practice, but I haven't heard that any monitoring committee changed its composition until now, 6 February 2019. I hope it will come latest in half a year, or until the end of June when the monitoring reports will be approved by monitoring committees. Additionally, until we don't build much more professional approach for NON state representatives in the monitoring committees of EU funds, we never reach balance and more expert approach in decision process. NON state representatives normally have no time, no capacity, no money for their participation in the monitoring and implementation of EU funds.

The representatives of the European Commission in the monitoring committees are often too passive, in many cases they do not criticize even evidently wrong decisions. I don't know how this behaviour of the Commission representatives can be changed. We have 13 operational programs, which means 13 monitoring committees, and in each monitoring committee there are representatives from the Commission, and they do not all behave alike. There are some cases, when the Commission representatives are active, but generally they are silent if we have strong discussion about national projects for instance. Those projects are quite problematic in Slovakia, because they are implemented by state institutions and there is no participative approach, there is very poor control of the budget, both in the preparatory period and the implementation period. I think that the Commission representatives should have a right of veto or something similar. Their voice should be very strong, at least much stronger than it is now (we are spending the money of EU taxpayers), and second, they should be in much more active position to different stakeholders, to understand opposing proposals, to understand what is the problem, to understand what is the possibility for solution. Not just formally coming to the monitoring committee, sitting there, listening, saying something, but not very important and then going home. They also need to communicate with non-governmental stakeholders to understand what is the problem on the table.

It is absolutely necessary to "**professionalize**" members of the monitoring committees, who are not representatives of the state, because we lack capacity to be present and absolutely no capacity to study the materials provided by the government and to communicate with stakeholders. I should represent NGOs and normally I would communicate with NGOs, which are interested in all those issues, but if there is no money and we should run other projects, then this is absolutely unrealistic. In this case, the partnership principle is just the words, and it will never work in practice if we will not balance the capacities, finances and access to information; those 3 points should be equal for all members of the monitoring committees and other committees, which are dealing with EU funds. Transparency is one of the major points which means, that if you have some representative of business, then it should be a person who coordinates discussion within the business and is really the representative. If you are the representative of NGOs, then that person should communicate the issue with NGOs, but this really needs capacity and support. The money for that would be enough in the technical support in each operational program, but the government in Slovakia is simply not giving money for this purpose. And this leads to a systematic breakdown, because much as we wish it so, the partnership principle does not work at all.

There should be EU funding to finance our non-governmental experts to do our work better and much more precisely than we do it now. Now we are giving very much of our free time and our money to do this work and this is not sustainable at all.

13. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

We propose a system of centralization of EU funds to non-governmental institutions in the Member States. There should be a check-list, which would reflect the most serious global threats or challenges we have in EU. And this check-list should be part of the partnership agreement. For example, there should be such a sentence: "Spending EU funds through public procurement must comply with the guidelines for **Green Public Procurement**". This simple sentence could do really a big change, because now it is recommended that EU funds are used with Green Public Procurement, but this is not compulsory. It is not written either, how this should be implemented. As far as I know, EU funding has been very rarely allocated in accordance with Green Public Procurement, because this is voluntary.

There should be also reconstruction of the **Horizontal principle for sustainable development** with precise description, compulsory implementation, good indicators & monitoring process. This horizontal principle exists, but it is very wrongly designed, at least in Slovakia. The decisions concerning this horizontal principle are taken just by state representatives, which means that although we are in the monitoring committee, we have no vote to decide on some changes. So, the design should be improved. Furthermore, it is not implemented well, or I would say it is even non-implemented.

Another point in the Horizontal principle of sustainable development is that the one year back I was trying to find a responsible person for the horizontal principle of sustainable in the European Commission and I found NOBODY either at DG Regio or at DG ENVI. So, this means that although there is this principle in the legislation, it is even is written in the EU Treaty, there is no responsible person/capacity, who will watch the implementation of this principle and who will somehow guide the right implementation. This should be changed. I think that the philosophy of horizontal principles is quite good, but then what is really not managed is the implementation, control and monitoring. These horizontal conditionalities should be strictly enforced, and not only for the environment, but also for social issues. There should be a longer list on what conditionalities should be mandatory for all projects. However, this list must be very clear and easy to control to not to become just a formal piece of paper.

Horizontal principles are designed relatively well at EU level, but they are badly designed and/or implemented on Slovak level. At EU level it is clearly said that the horizontal principle of sustainable development should be a priority. If we look at the Slovak horizontal principle of sustainable development, it is written that the horizontal principle has three equal levels: social, economic, and environmental. And this makes it very complicated and practically uncontrollable, because any project might be positive either from social, or from economical, or from environmental point of view. Therefore, there is no control in practice. And no conditionality, because you include all requirements. If you say that the horizontal principle for sustainable development includes social, economic and environmental targets, and you need to fulfil at least one of these targets, then of course you will fulfil it with almost any project. This is a practical example how this implementation of this principle should not be designed.

14. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

We do need conditionalities, and I see in the conditionalities a very-very big potential for the good orientation of projects. But, as I mentioned, conditionalities should be well designed at national level, the implementation should be well controlled both on national and EU level. There should be some guiding capacity on EU level, which could advise the member states how to implement the conditionalities in a right way. Best practices should be provided. The conditionalities should not only be mentioned in 2-3 paragraphs of a regulation, but they should be described more precisely. Also, there is a need for some capacity behind the conditionalities, because if you have low capacity for control and for advising, for monitoring, then you will simply not have good implementation. In Slovakia the Horizontal principle of sustainable development is a big formality, unfortunately.

Yesterday, we had the first meeting of the National Committee for the new programming period. I am an NGO representative in this committee. At this first, the discussion was about how much money should be distributed from the central level and how much money should be distributed from the regional level, or even from municipal level. This should be balanced, because on one side at the regions you have better knowledge of the problem, but at the same time, as we learned, in Slovakia at the regions and even municipalities we have a lack of expert capacities, therefore topics which need higher expertise in implementation should be done from national level and, of course, considering both the national problems and local problems. Naturally, solving local problems is better from local level.

Then there is the question what measures to take to prevent corruption, as this is what I find as the second biggest problem in Slovakia. First is the political influence, as parties are demanding via ministries what they want, and this is simply very bad.

15. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

C: Don't know/undecided

Please add your reasoning for your choice.

There should be clear, written mechanism for decommitment of EU funds if conditions are not fulfilled. This "taking back" mechanism should be transparent, graduating and motivating for good practice, no matter which political party has the responsibility at national level.

16. Do you have **any other comment** on future EU climate funding in your country?

As I already written, I find as very important implementation at EU level of the binding economic tools as carbon tax or green public procurement, which will motivate any person, any politician, any officer, any EU citizen or visitor to think and act climate-friendly. This is the most effective way how to reach the aim not too late.

# Spain

(interview)

## Part A: About You

Your name:	Prof. Dr. Esteban Arribas Reyes
The name of your organisation/institution:	Transparency International Spain/University of Alcalá
Your country:	Spain
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	Yes
Place and date:	28.03.2019

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I am a professor of Public Policy at the University of Alcalá. For the last 4 years I have been working for „Transparency International Spain” in cooperation with the EU on the program „Collective Action Tools: Integrity Pacts in Public Procurement”, which is about setting funds for public procurement, focus on the anticorruption policy of the EU. This is my experience with the EU budget: strategies for a applied application of the EU budget.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

4 Integrity Pacts implemented in Spain being three of them the building of two public schools and one public sports buildings. Environmental impacts considered in a successful IP implementation. I cared only on EU environmental law complying though I see here a space for creating a creative set of indicators measuring PUBLIC INTEGRITY and CLIMATE CHANGE policies.

Your role at the EU level:

No role at the EU level.



## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

I am not going to talk about budget theories or approach from an economic point of view or management of investment in Europe. What I would like to raise here is the problem of corruption and fraud approaching considering collective action approaches and the notion of PUBLIC INTEGRITY through transparency policies and more. This is my main experience and from my point of view, there is a lot to do. There is no transparency of how the EU budget is spent in Spain, there is no clarity in how to allocate the budget following the competition policy of the EU, environmental impacts, etc. One of the examples is the work of OLAF, they are doing a lot and have been working for the past 4 years quite properly, but there is a huge gap between the EU framework policies and the implementation on the national, local and regional levels.

We are talking about 1000 billion Euros, all this money came from the EU, and there is a huge problem in controlling how the money is being spent.

There is a huge gap between the policy designed and policy implementation, Spain has no tradition in, for instance, Impact Assessment practices within Public Administration. We are talking not only about the budget, but also implementing public policy. And in that regard, we need more evaluation from the EU institutions. Not just because of antifraud or irrational actions, but also to ensure that EU money is used in accordance with the EU's declared aims. You must understand that Spain is totally different from other countries, we have local governments and autonomous communities and the national level. The European Commission has no power and resources to enforce the proper use of EU funds. Therefore, Civil Society, universities, are essential partners at domestic level.

In terms of public procurement, a year ago Spain implemented after 4 years of delay the EU directive on public procurement. It is running only for a year, but we found that in Spain there are a lot of minor contracts under 15 000 EUR, where there is no control at all. And this is 15% of the whole amount of public procurement investment.

We have for the last 2 years a website where you can find where those funds go to, but there is no criteria for those companies, for instance, media companies, which received grants from the government, which came from EU money. We talk about public investments, like the maintenance of the railway system, or the construction of high-speed railway lines. In the last days, the Spanish authorities have fined companies nearly 200 million EUR because of cartel, which has been existing for the last 15 years, I am talking about Siemens, Alstom, etc. In these projects, EU money was involved, too.

We have a great problem in controlling the money coming from the EU, and the EU still has to do a lot about this. There is still a big gap between the requirements and the national authorities in terms of resources, time, technical expertise and mainly political will by national, regional and local governments in Spain. Political Parties close and non-transparent dynamics and the Spanish electoral system are in the origins of all dynamics affecting how the Spanish public administration function.

In Spain, even if the money is spent for proper purposes, there is often an increase in the price of the investment by 20-30%, which finally will be in the taxes that citizens pay. So, in many cases, it is not like in Italy, Greece or Portugal, where the money goes directly to the pocket of the corrupted, here the money is spent, the infrastructures are built, but prices are increasing at the same time the public debt.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

When we talk about public procurement and the law, you have to fulfil certain requirements on environmental issues, and you have to include an environmental clause in the contract, however, there is no evaluation on whether these environmental clauses were fulfilled or not. Of course, no linked to climate change in particular. The culture in Spain in general works in that way: there is a problem, we adopt a law – and the problem is considered solved. There is no continuous evaluation of the impact of the policy and it is the same in terms of the environment. It is also part of a cultural heritage. Citizens are quite aware of environmental issues, however, the governments do not have evaluation processes to see the impacts. There are different regions, different authorities, different levels of government. The example of fulfilling properly environmental issues is the Basque country, there is an impact assessment before and during the design of the policy, but it is not used in Spain in general. Professionalism at the local level is another variable.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion				
Energy efficiency				
Clean mobility				
Green technologies				
Sustainable agriculture				
Biodiversity				
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Low value-for-money: poor practice:

One of the biggest frauds in Spain at the moment is in Andalusia, and it is related to funding employees' training. Most of the money was directly spent on political party campaigns of the government in power and the use of clientelism as the main practice.

Another example is about the allocation of funds from the EU for different projects (e.g. construction of buildings and schools). The money funded by the EU for this particular aim hasn't reached the target. There is a huge corruption scandal in Valencia Autonomous Community.

The next example is from the time when I was implementing integrity pacts in Spain in the last 4 years, I found that local authorities, small ones, did not spend the money for the purpose they should have. For instance, in the project of building public schools in a village near Madrid, 3% of the budget should have been spent on anti-corruption actions, but they have used that money to pay the architect. So, we are talking not only about corruption, but spending money on other things.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).



Investment whether or not is enough is not the main issue, and this is arguable regarding this or the other economic and political theory. However, best value for money should include a different way of doing things: from impact to measure. Not just the approval of the law. Transparency and integrity are lacking, and proportional sanctions, too.

I think the budget is not enough for the anti-fraud EU program – 181 million EUR for 17 years for this office is not enough.

In Spain, we have modern, well-designed laws, however, we are not talking about the law as the instrument to solve the problem, because then you have to implement that law. An example, from 2015 we have a law of transparency of the government, however, one of the key elements of this law to have a possible impact is to implement that law. The fulfilment of this law started a year later, a council was established, but it has a little activity and low impact because they have very little resources to oversee the fulfilment of this law.

To sum up, investment and money is enough, however the EU should seek for integrity as well. From a **pre-ventive approach**, not just from the punishment one. Learning and sharing good practices become useful.

Bottom-up dynamics are more important than up-down in order to grasp the exact way of spending.

Recent Report from OLAF: file:///C:/Users/Usuario/Documents/LEVEGO%20BUDGET%20EU%20CORRUPTION%20SPAIN/SR\_FRAUD\_RISKS\_EN%2001%202019.pdf

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

In Spain, the design of policy and allocation of funds on the local and regional levels are not suitable for the participation of the civil society. A clear example is the integrity pacts project that I was responsible for, implementing in different pilot contracts, there were 4 contracts all around Spain: Valencia Autonomous Region, Madrid City Hall, and 2 in Castilla la Mancha Autonomous Region.

In reality, the use of EU funds, because it is so much centralized, is very much linked to political-party politics criteria of those in the government, either Central and Autonomous levels of government. The government uses EU funds for funding those, who are near them. In the past it was the same with all other governments, it is as simple as that. Transparency on criteria for the allocations of funds in this regard does not exist, to be honest.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

I think it would be useful to include preventive instruments such as the integrity pact and an anti-fraud program in particular projects to be defined according to climate change aims.

The new budget should include more compulsory public-private efforts on the management of the EU funds. Because in Spain we can see that the administration is not flexible, so we could learn a lot in these kinds of collective actions. Companies are more flexible and quicker, so I think in integrity pacts we could include this private-public partnership.

And also, the integrity pacts help a lot in identifying by public administration, which are the gaps. The Spanish public administration has learned a lot in this model, wherever it was implemented, about collective action by business, civil society, and public administration, because they realize how to manage better the funds. Sometimes these stakeholders are very much separated from each other, and when they talk to each other and the different interests converge. If we can really find a public sphere, where we can attain that different interests converge, we can better manage the EU funds as well. I think there is a huge gap between different stakeholders in communication as well as in the processes of evaluating EU funding and implementation.

I think the EU should have more power to be able to sanction those, who do not spend properly the money of the EU taxpayers.

We should create a culture of collective action against corruption and fraud.

In Spain, we have a 'perfect' law system, but there are serious problems with implementing the laws because the law is an instrument, and a policy is the whole process from problem definition to evaluation.

The new laws on public procurement were approved a year ago, and the figures now are the following: the law says that all public contracts (and in such contracts a lot of EU money is involved), should be published electronically, but after a year only 20% of the contracts are published. We have good laws, but we have no system in the public administration on how to implement them properly, how to evaluate their impact. We do not evaluate policies, and we do not have the culture of linking policy design to policy impact, or how we use the public administration processes and instruments to really reach what we wanted to reach from the beginning of a decision. But we could change this culture by introducing the participation of civil society. Civil society in Spain has grown during the last years, but there is a lack of public participation in processes relating to EU funding.

There are sanctions and they are included in the law, but they are not enforced. For example, there is a Market Competition Regulations in Spain and they found out that the cartel of maintenance railway systems has been working for the last 15 years, and as a result, the price of the contracts increased by 20%. The amount of the contracts was 1200 million EUR and the fine was 110 million EUR. So, the sanctions were very ineffective.

*For further details, see the Annex to this questionnaire:*

*Spain – Anticorruption Policy Proposals for a Better Use of EU Money in Public Procurement. Document prepared by Esteban ARRIBAS REYES, for the Workshop on "An MFF for the Climate" held in Berlin in April 2019.*

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

One of the main problems in Spain: we have the law, we have institutions, but they are not really independent... Transparency, neutrality and independence of regulators does not really exist. They should have better conditions and more resources in terms of budget, to make them stronger, but they should not be elected by the government in power, but by fulfilling certain criteria, because you must be transparent on that. You must design criteria independently from political parties and business. The parliament should select these people and the institutions should have the proper resources to be able to fulfil their purpose.

OLAF should have more power and better resources and work for public integrity on a preventive approach working for the creation of independent similar bodies at domestic level and work closely with them. The notion and the real implementation of a good governance system of independence is essential. Otherwise, there might be impossibilities in implementing EU policies efficiently.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

More transparency is needed on the criteria to allocate the EU funds from Central Government and Autonomous Communities levels. As I said before, the money is very much centralized and the main criteria are very much linked to dynamics of party-politics.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

**A: Yes**

B: No

C: Don't know/undecided

Please add your reasoning for your choice.

The only way to fulfil the aims of the EU budget is to implement proper sanctions and to exclude from funding those administrations and governments which violate the EU rules. Fines are not sufficient, the suspension of funding is necessary. Also, stronger requirements should be in place for the use of EU money, i.e. the use of integrity pacts or other instruments to combat corruption and fraud.

15. Do you have **any other comment** on future EU climate funding in your country?

# Slovenia (1)

(written response)

## Part A: About You

Your name:	
The name of your organisation/institution:	
Your country:	Slovenia
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	<b>No</b>
I agree that my replies be published with the name of my organisation.	<b>No</b>
Place and date:	Ljubljana, 23.1.2019

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I have been engaged in the national programming workshops for stakeholders for the existing framework of 2014–2020, so I am roughly familiar with it but have not followed strongly the implementation later on.

No activities are planned for the moment as we respond and act on a needs basis, but we will be interested to participate in the programming for the next period once/if that happens.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

I have been a member of green budget reform group at Ministry of Finance and tend to keep track of fossil fuel and environmentally harmful subsidies. We do some advocacy regarding FFS & EHS, environmental & energy taxation & on use of funds from ETS auctions (“climate fund” in Slovenia) but to a limited extent.

Your role at the EU level: NO

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

Sizeable amounts in the area of climate and environment have been dedicated to bigger infrastructure projects such as flood prevention measures or wastewater treatment for instance. Both areas require action but in case of flood prevention soft measures could be considered but have not been due to the inclination of decision-makers toward built infrastructure. In general funds for “hard” investments seem to be dispersed faster (if projects are ready) and with greater willingness in comparison to soft and or smaller measures. Support for comprehensive sustainable mobility planning at local level appears as the only successful case at the moment.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

Funds may be earmarked for climate related measures, but the actual impact is questionable. For instance, some 86 million EUR have been dedicated to support transition of businesses to a low carbon economy, but revision has shown merely half of the tenders contained environmental criteria and in no case have these been decisive in obtaining funds/winning the tender. Funds may seem to be dedicated for a certain goal, but the implementation shows otherwise or brings very limited effect. More narrow, focused criteria that would be exclusive or crucial (and not merely one of several criteria) for obtaining funds could help address this.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion	x			
Energy efficiency		x		
Clean mobility		x		
Green technologies*	x			
Sustainable agriculture	x			
Biodiversity				
Other (please add)				
Other (please add)				

\*Note: Maybe with funding from smart specialisation interesting things will be developed but too early to tell.

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Sustainable mobility at local level. Funds for preparation of comprehensive mobility plans at local level have been “grabbed” by local authorities showing great interest for planning sustainable mobility.

Low value-for-money: poor practice:

Certain projects are capital intensive and take bulk of money such as wastewater treatment infrastructure or rail infrastructure for instance. They do bring value but require high investments, leaving limited funds for other projects. We also have some (limited in number) investments in road infrastructure we see as poor practice and should not be eligible for support in our view.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

Funds for energy poverty have still not been utilized due to administrative reasons (& lack of genuine interest).

In general funds for RES have been poorly utilized to date. Calls for small RES district heating systems have only been implemented while calls for RES electricity production have still not happened.

We also strongly doubt a specific/exclusive call for energy cooperatives will happen in the near future.

In energy efficiency, only funds for renovation of public buildings have been activated partly in combination with ESCO (apparently Slovenia is among the more developed cases of ESCO in public buildings) but here as well it has taken two years to set up the system. We see the combining of EU funds and ESCO as a poor practice as only financially lucrative projects (short payback, comparatively low investment, etc.) are renovated with ESCO while capital more demanding projects are not renovated and remain an exclusive “burden” of public funds. Also, savings made from these “lucrative” projects go to private partner and present a loss for public institutions that could utilize these (financial) savings for capital intensive renovations.

Specific call for support of energy efficiency measures in industry received little to no interest. Some claim that is due to commercial loans being more attractive (no administration, low interest rates, etc.)

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

EU funds have been to a sizeable extent dedicated to measures that require higher capital investments (rail, waste water, renovation of public buildings etc) while national funds support other, generally smaller measures identified in the operational programme for GHG emissions.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

Energy efficiency in industry: relatively small number of companies consume the majority of electricity and gas. In our opinion this presents a great opportunity to achieve sizeable impact with small number of partners. Support for R&D, innovation (process, product, business model etc) and demonstration or scale up.

Mobility: rail transport investments for passenger services. At the moment, it seems that the bulk of investment in rail will be done with the aim of improving freight transport services (as a business case for our rail operator) while investments to secure better services for passengers have been neglected. No more investments in road infrastructure under pretence of regional development, safety increase and similar arguments.

Agriculture: meaningful reform and support only for sustainable farming practices and focus on plant (vegetable, fruit, cereals, etc.) production.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

Relatively familiar with existing opportunities but due to my occupational involvement.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

Increase amount of funds dedicated to climate and environment.

What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

Stronger control of implementation by third parties, EU representatives would be beneficial. For instance, a random selection of EU funded projects that would then be monitored/visited on the field/terrain could be an interesting approach. Increased paperwork etc for monitoring would properly not bring the desired outcome.

12. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

A: **Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

13. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: **Yes**

B: No

C: Don't know/undecided

Please add your reasoning for your choice.

14. Do you have **any other comment** on future EU climate funding in your country?



# Slovenia (2)

(interview)

## Part A: About You

Your name:	
The name of your organisation/institution:	
Your country:	Slovenia
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	No
I agree that my replies be published with the name of my organisation.	No
Place and date:	19 February 2019

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

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2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

<p>Your role in your country:</p> <p>I am dealing quite a lot here, in Slovenia, with agriculture policy. I am involved as an NGO representative in a few groups in the Ministry of Agriculture where the policies, which are in development, are discussed.</p> <p>Your role at the EU level:</p> <p>I am involved in the questions related to EU funding of agriculture policies. We are taking part in helping with our reports to local politicians that are involved in preparing politics on EU level. But we don't have capacity for working on EU level, so we don't actually do anything on EU level, just on national level.</p>
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## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

One important thing is that some funds are available for nature conservation. This is very important, because on national level we do not have much funding for this purpose. Our society is dependent on projects financed by European funds such as Cohesion funds, LIFE, Interreg. It is crucial that these funds are available.

One big disadvantage is in our LIFE Project, which is the main source for nature conservation projects. You need to provide co-funding, which is a problem for NGOs. On the other side, this co-funding in agriculture subsidies is not very large, in fact, farmers don't need to provide any co-funding. This is one of the problems. Why only nature conservation has to provide co-funding?

Agriculture funds have several problems. At least in Slovenia, most of the European money goes to agriculture intensification. Very little money goes for environmental purposes in the agricultural area.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

European funds for agriculture are often provided with good purpose by the European Union, but on national level this good intention is somehow spoilt. Even the money that should go on agri-environmental measures, these measures in Slovenia don't do any good for environment, sometimes even damage the environment. So, they are not well designed. Big agriculture lobbies that are able to influence this system always find a way to make these measures and subsidies suitable to their purpose, which is intensive agriculture.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion				
Energy efficiency				
Clean mobility				
Green technologies				
Sustainable agriculture				
Biodiversity				
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Although our society had only a few LIFE Projects so far, all those were a big success. They brought a lot of benefits for nature. We managed to establish three nature reserves in Slovenia with support of the LIFE Programme funds, and I think these are the best examples in Slovenia that we had. One is nature reserve Skocjanski zatok, the second is nature reserve Iški morost and the third is Ormoške lagune.

Low value-for-money: poor practice:

Agricultural subsidies are really damaging for environment. For example, in environmental measures in Slovenia less than 10% goes for the measures that are really beneficial for nature conservation, the rest supports mainly businesses.

In agriculture, Slovenia always finds a way how to spoil the good intentions of European Union and make a lot of damage for environment with European agricultural money.

Not much national money is invested in agriculture besides European subsidies.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

Nature conservation definitely has not received a decent amount of money. I think this is a big problem. I also think that even bigger problem is that money, which goes for subsidising agriculture and should be invested in environmentally friendly manner, is actually done in a bad way. Now we have both. We have some money, which is really dedicated to nature conservation on one side, and on the other side we have a lot of money that goes for subsidising intensive agriculture damaging for the environment.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

I am not dealing with this, I can't tell you.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

One of the problems for climate is intensive cattle farming that produces a lot of greenhouse gases. In Slovenia mostly intensive cow farming is promoted and subsidised, which has many different problems: besides contributing greenhouse gas emissions, it is also damaging the habitats, as now cows mainly do not eat grass and hay, but products from the cornfields. On the other hand, in Slovenia, we have big areas of traditional pastures that are now grown in with bushes and it would be very beneficial both for the nature and for the climate, if European politics would promote this traditional way of cattle farming on the pastures.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

I think that people don't know much about how they can participate in the planning of EU funding. The processes that should be carried out to provide general public influence to forming this politics are usually just fake. There are some groups where we gather and discuss, but nobody in the government really takes into account what civil society representatives say. We have a few civil society groups working with the Ministry of Agriculture and dealing with various topics subjects, but we have a strong feeling that this is just a performance. High-level government officials make all decisions in the agriculture in the end, not taking into account what was really said in these groups. They take into account only the arguments of the strongest players, who are not nature conservationists, not NGOs, and not small farmers. They are big farmers and big agriculture companies, and everything is shaped according to their short-term financial interests.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

The most important is that European money that goes to agriculture should be paid for the public benefit. No money should be paid for intensive farming, only for the farming which provides public goods. Public funding for agriculture should be provided only for organic farming, environmentally friendly farming which is nature conservation compatible. Public money must be used for public goods, and not for some large companies which are just making profits out of the subsidies.

Much more money should go for restoring the nature habitats and preserving species that were damaged in past, because we are still destroying biodiversity in the European Union, despite of the goals according to which we will stop the decline. We are still losing biodiversity. Now only a little amount of money goes for this. If we want to stop decline in biodiversity, we should put much more effort into it.

The big infrastructure investments are not the biggest problem in our country. The biggest problem is agriculture and forestry, so big investments usually don't destroy a lot of nature.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

Quite some efforts are already given to the control of the use of EU funding. Maybe the most important would be the development of some well-designed indicators that would be really objective, because if you don't design these indicators independently then certain interest groups try to influence and make the indicators which are not objective, but show some reality which is not realistic, and serve only their interests. The European Union should put more effort in making really good indicators.

A good indicator for agriculture policy is a farmland bird index. Birds are monitored all over the agriculture areas in Europe and now we know how much percent they decline annually. This is a very objective indicator. There should be more such indicators.

Another indicator is the high nature value areas. This is a European indicator, but it is not well designed, so in Slovenia it is really misused. It was a good intention of European Union, but Slovenia managed to misuse it completely. We put all the grassland in this index, but most of the grassland are not of high nature value, but intensive grassland that have no use for biodiversity anymore. So, the instructions given by European Union are not sufficiently clear to prevent such a misuse. This should be scientifically checked to provide good quality.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

One of the conditionality should be to stop disobeying the birds and nature directive.

The example in agriculture: farmers have to obey the Birds Directive. For example, we have Natura 2000 with important grassland, and then they should keep this grassland in good nature value. But if they are not supported with some money from European funds, then they will be not motivated to participate in such schemes. So, conditionality to obey the nature directives would good, but it has to be somehow supported by the European Union, that farmers still preserve these habitats and be willing to preserve them, or even must preserve them, because of the conditionality. They must be somehow supported for this, which was not the case so far. The habitats have been present and legally protected, but the farmer just has the obligation to keep them without any support for keeping them.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: **Yes**

B: No

C: Don't know/undecided

Please add your reasoning for your choice.

I think that EU funding should be suspended if the conditionalities are not met, on one side, but the conditionalities are followed farmers they should receive some additional money, for example, for conserving high nature value land.

15. Do you have **any other comment** on future EU climate funding in your country?

# Slovenia (3)

(written response)

## Part A: About You

Your name:	
The name of your organisation/institution:	environmental NGO
Your country:	Slovenia
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	No
I agree that my replies be published with the name of my organisation.	No
Place and date:	Ljubljana, 29.1.2019

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

A seven-year high level budget, deciding what EU will spend money on and what MS can and cannot fund with it.

We're lightly monitoring the process but trying to influence it through our joint policy officer at ZWE, because we want to defund waste disposal methods, particularly false solutions (e.g. waste to energy). Additionally, we're involved because there is naturally a lot of counterpressure from industrial lobby groups and since it is similar to the work on other banks.

We might have the best directives and laws, but at the end of the day successful implementation and achievement of goals is in a large manner reliant on budgeting. Implementation deficit is one of our worst enemies in the field of environment, so that's why the whole process of preparing the MFF is important.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

Exchanging information, especially with our partners that work directly with CEE BankWatch Network. Commenting on the eventual public draft of the Slovenian proposal.

Your role at the EU level:

Supplying information and discussing with our other colleagues in ZWE, so we then have a common position, wider picture and better argumentation. The main advocacy work is done by ZWE though.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

The main advantage I personally see is actually the bureaucracy, the extra layer of project vetting, since it ensures we work as a union, towards the common goals.

See point 4.

I would also say we have a local problem of capacity in the sense of ensuring the funds get to Slovenia and that the projects themselves are needed and sensible. The “needed” part was the major failure in the previous MFF, so that’s why the current one is so forward-looking in terms of waste.

The most famous project was from the previous MFF, but completed in this one — RCERO, a regional waste management plant with a low footprint and good efficiency, extracting more materials from the residual waste stream.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

The fact that Slovenia didn’t allocate any funds in the current MFF to waste infrastructure and still managed to significantly improve its waste management is a clear indication that this should be continued and replicated. We won’t reach a circular economy by just building more infrastructure.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion	x			
Energy efficiency		x		
Clean mobility		x		
Green technologies	x			
Sustainable agriculture	x			
Biodiversity		x		
Other (please add)				
Other (please add)				



6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Subsidies for improving the insulation / energy needs of old buildings.

Low value-for-money: poor practice:

Co-financing for more efficient lighting increased light pollution significantly at very high costs.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

*Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).*

Energy efficiency in general, especially now that thermal insulation of housing is pretty much a solved issue.

Sustainable agriculture — don't remember any major projects there, besides MS pushing for locally-protected brands and short supply chains; at the same time, bird populations plummeted. Biodiversity is not taken seriously in the CAP.

Green tech? Very vague term, where I generally find the lack of funding of small initiatives, local solutions, shops. Not everything wants or needs to be a stereotypical startup with visions of global domination.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

We don't have a specific climate strategy yet, so connections are mostly haphazard.

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

I'm not an expert on climate, however I do believe traffic is still the largest contributor in terms of CO<sub>2</sub>eq. So, I'd say partly it should focus on the energy supply side and partly on transport: reducing impact from our high volumes of international and local transit, improving public transport (and then multimodal options) and continue the support to electrical, gas and other sensible transport fuels. There is also some merit in supporting projects or campaigns on changing our diets.

For the global level, supporting the circular economy transition is as important, as p.e. waste still has a lot of internal energy when being disposed or destroyed, not even accounting for the losses caused by export and regular mistreatment. Material and energy efficiency go hand in hand...

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

Quite some things. Much of it is completely transparent, even multilingual. It's least clear for funds that governments negotiate for with the EU directly. EBRD/EIB are even worse.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

Require cross-sectoral cooperation, as isolated work on a problem of this magnitude can never succeed.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

More than we have now, but not much in general — we lack the big picture. It could be done on the EU level, with just some more project inspection, and the EP/EC representation in the MS to feed in the local knowledge.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

*Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.*

Conditionalities would help fight cheating and ensure a common market, I mean working ground. They would help make sure MS are taking common targets and obligations seriously.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: **Yes**

B: No

15. C: Don't know/undecided

*Please add your reasoning for your choice.*

In a carrot with no stick situation, there is no easy way to ensure adherence. It might be a hard thing to define properly and acceptably, but I believe it's a worthy goal.

16. Do you have **any other comment** on future EU climate funding in your country?

If it wasn't for the EU, we'd be funding even less of it. Although it's a bit of a circular way, with its own inefficiencies, fighting climate change is not something we can or should do alone and common grounds for funding is just one bit of it.

# International Organisation

(written response)

## Part A: About You

Your name:	Holger Haubold (please use the organisation's name wherever possible)
The name of your organisation/institution:	European Cyclists' Federation
Your country:	Belgium
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	Yes
Place and date:	Brussels, 9/11/18

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

ECF has been active for several years in advocating for a more climate-friendly EU Budget especially in the fields of transport and tourism. We have gathered considerable knowledge on the different funding sources in these specific fields and we are also promoting them to our members and our networks (e.g. cycling-friendly cities and regions, cycling tourism stakeholders) to motivate them to apply for EU-funding for climate-friendly mobility and tourism projects involving cycling. For example, by holding workshops and webinars and publishing guidance materials etc.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

We advise our national and local member organisations and other partners and stakeholders on how to advocate for more funding for cycling, but also on how to use existing funding sources and putting together project proposals.

Your role at the EU level:

In the run-up to the current MFF, we have led our own advocacy campaign to increase EU funding for cycling and published a report on the issue. We have also undertaken a review of the relevant funding documents and identified exactly where there are opportunities to fund cycling-related measures if successful projects are put forward - see the EU Funds Observatory for Cycling.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

**Main advantages:**

In some situations, it has provided financial support and raised awareness of activities that were not receiving national funding.

Transnational and cross border projects have allowed the sharing of experiences and best practices.

**Main disadvantages:**

Not considering the impact of investments in road network on modal split, even as a part of Environmental Impact Assessment;

No quality requirements for cycling infrastructure, resulting in badly designed solutions that are not safe or convenient to use.

For examples, see section 6.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

Impact of infrastructure projects on modal split.

Quality standards for pedestrian and cycling infrastructure.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/ an average extent	To an above the medium/ average extent	To a high extent
Renewable energy promotion				
Energy efficiency				
Clean mobility	X  EU Funding in the area of transport and mobility has focused too much on big road/motorway projects			
Green technologies				
Sustainable agriculture				
Biodiversity				
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

#### **CHIPS (Cycle Highways Innovation for smarter People Transport and Spatial Planning)**

An ongoing project to develop and promote **cycle highways** as an effective and cost-efficient low carbon solution for commuting towards and from urban employment poles. **CHIPS** has demonstrated that cycle highway innovation can effectively get commuters out of their cars, especially in combination with the growing number of e-bikes. The **CHIPS** project has been developing joint cycle highway standards and solutions. More information here.

#### **Demarrage**

Developing the transnational economic potential embedded in the territorial assets of the Rhine corridor in a sustainable way was the overall aim of the INTERREG IV B project „DEMARRAGE“. The project team designed an organisational framework to developing EuroVelo 15 – Rhine Cycle Route, as a sustainable touristic product. Many of the approaches and tools first developed in this project has been utilised for other cycle tourism routes elsewhere in Europe. More information here.

#### **Bike2Work**

The main objective of Bike2Work was to encourage a significant modal shift from motorized commuting to cycling. Using a two-fold approach it targeted both employees' behaviour through Bike2Work campaigns, and encourages employers to meet the needs of cyclists. The result is bicycle-friendly employers and employees' using a more sustainable form of commuting: cycling!





7. Which of these areas have **not received sufficient EU support to date**, but should have?

Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).

While there is a clear upwards trend in investments for cycling since the last MFF 2007-2013 (ECF has identified ca. 1.5 billion EUR EU funds available for cycling from 2014 to 2020, compared to 0.6 billion EUR during the last funding period), the current amount still only represents ca. 1.6% of all EU transport investments, far below the share of cycling in mobility. Our recommendation would be to aim for an investment level of 6 billion EUR per MFF.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

n/a

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

Transport represents almost a quarter of Europe's greenhouse gas emissions and is the main cause of air pollution in cities. Therefore, the main areas and objectives for future EU funding that we propose are linked to increasing levels of sustainable transportation, including:

- Cycling infrastructure, in particular:
- Cycle highways,
- Redistribution of road space in cities (from cars to pedestrian and cyclists).
- Sustainable tourism, in particular:
- Cycle tourism
- Promotion and communication of sustainable transport modes
- Multimodal hubs

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

**Minimum quality requirements for pedestrian and cycling infrastructure.** Many Member States lack the knowledge on how to take into account the needs of pedestrians and especially cyclists. This should cover both basic principles (e.g. when it is necessary to separate pedestrians and cyclists from motor vehicles, pedestrians from cyclists, what is a sufficient density of crossings under/over a motorway or railroad) and critical design parameters ensuring safe usage (geometry, gradients, visibility splays, etc.)



12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

A: Yes, setting conditionalities is essential:

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

Integrating elements of pedestrian and cycling infrastructure in area affected by infrastructure project  
Meeting minimum quality requirements for pedestrian and cycling infrastructure.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

C: Don't know/undecided

Please add your reasoning for your choice.

15. Do you have **any other comment** on future EU climate funding in your country?

# International Organisation

(written response)

## Part A: About You

Your name:	Klára Hajdu
The name of your organisation/institution:	CEEweb for Biodiversity
Your country:	Hungary
Your e-mail address:	
Your phone number: +	
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	Yes
Place and date:	11 January 2019

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I have been involved in the European People's Budget campaign calling for the sustainability reform of the EU budget since 2016.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:

Your role at the EU level:

Yes, but not specifically focusing on climate funding, but on the whole coherence of the MFF.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

There have been several projects aiming for the improving the climate and environmental performance in Hungary (e.g. energy efficiency and renewable energy investments, projects aiming for higher climate awareness, agri-environmental schemes also supporting climate-friendly farming, etc.).

Even though all these projects contribute to saving GHG emissions, their use is often not as efficient as it could be. Public money in the form of grants is often used to realise energy efficiency investments that eventually generate monetary savings to the grantees. Thus, eventually EU taxpayer's money is turned into private monetary gains, which is often socially not substantiated and not the efficient way of realising environmental or climate objectives. Instead climate and environmental related EU support should be only realised in the form of grants or subsidies if the investment is financially not paid back (e.g. climate friendly farming, which is less competitive in the market today than conventional farming). Otherwise, the EU budget should only provide financial instruments for investments producing a financial return.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

While there are several lessons related to the efficiency and environmental performance of supported projects and activities (e.g. the environmental performance of farming, which, as has been proved in studies, are not delivering effectively and efficiently on the stated environmental and social objectives), I would specifically point out the aspect of transparency and monitoring. While there is a general understanding of the environmental benefit of the different EU funding, it is not clear, transparent and substantiated, why exactly those (types of or specific) investments and activities are selected for funding. It does not only undermine the public understanding and support for the EU budget, but also compromises the efficiency of the support system. There should be better clarified criteria, based on sustainability, climate and biodiversity proofing to ensure the highest possible environmental achievements with the available limited resources.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion	x			
Energy efficiency		x		
Clean mobility	x			
Green technologies	x			
Sustainable agriculture	x			
Biodiversity		x		
Other (please add)				
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

CAP pillar II. support for organic farming, which has indeed significantly increased the share of organic farming in Hungary, but it is still at a low level (4-5% of areas).

Low value-for-money: poor practice:

CAP pillar I. subsidies in general.

7. Which of these areas have **not received sufficient EU support to date**, but should have?

*Please explain your reply (with references, if possible) and refer to specific areas of investment that were unfortunately not focused on sufficiently and why (e.g. solar in schools, public transport, electricity charging points for e-mobility, etc.).*

As explained above, the efficiency of the EU support has been low in general. In many cases the combination of the type of support, the type of beneficiaries and the type of investment is not the most efficient. For instance financially strong beneficiaries (who could afford energy efficiency investments anyway) are sometimes supported with grants, while those beneficiaries, e.g. poor households, which could not afford to insulate their homes, do not access funding (either through grants or loans), even though such an investment would also decrease energy poverty.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

Supporting local, decentralised renewable energy investments – community owned or privately owned systems. The support should be adjusted on the return: providing loans for expenses that are paid back by time, and providing grants only for community level investments (which would need to be financed from public money anyway, but which are an important contribution to a national level RES infrastructure with high environmental performance).

Maybe even more importantly than climate friendly investment, it is crucial what not to support: intensive farming that is harmful to the climate and environment, fossil fuels and infrastructures depending on fossil fuels. The EU funding shall not lock in the countries for unsustainable development paths.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

As an NGO activist, I have general information about the process, and would know whom to contact in Hungary for further information and for getting involved in the process.

As a citizen the information is rather scarce and ad hoc. The funds are often so limited that they are depleted in the first few hours after opening the call.

It would be much better to see the whole system and the process in a national portal throughout the whole planning, implementation and monitoring process.

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

We recommend a set of tools to realise a sustainability proofed MFF in the European People's budget [campaign](#). Most importantly we recommend a methodological framework for this, as it is also included in the LIFE regulation as adopted by the EP plenary at its first reading and referred back to interinstitutional negotiations on 11 December 2018:

Amendment 26  
Proposal for a regulation  
Recital 23

(23) At Union level, large investments in environmental and climate actions are primarily funded by major Union funding programmes. ***It is therefore imperative to step up the mainstreaming efforts, to ensure sustainability, biodiversity and climate proofing of other Union funding programmes and the integration of sustainability safeguards in all Union instruments. The Commission should have the power to adopt a common methodology and take effective measures to ensure that LIFE projects are not negatively affected by other Union programmes and policies.***

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

The EU level monitoring should ensure that funds are used in line with European values (e.g. transparency, preventing corruption, democracy and sustainable development).

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

**A: Yes, setting conditionalities is essential:**

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

Please add your reasoning for your choice. If you recommend a conditionality, please suggest what form it could take.

Conditionalities on European values is essential. The scheme proposed by the European Commission seems suitable for this, as it needs to be proportionate and also consider the situation of financially vulnerable beneficiaries, so that governmental failures do not fall back on citizens and small organisations or SMEs.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

**A: Yes**

B: No

C: Don't know/undecided

Please add your reasoning for your choice.

Yes, otherwise the conditionalities are meaningless in practice. However, the situation of beneficiaries needs to be considered and intermediaries used to uphold the flow of funding, if necessary.

15. Do you have **any other comment** on future EU climate funding in your country?

# International Organization

(written response)

## Part A: About You

Your name:	Meera Ghani
The name of your organisation/institution:	ECOLISE
Your country:	Europe and beyond
Your e-mail address:	
Your phone number:	
I agree that my replies be published with my name.	Yes
I agree that my replies be published with the name of my organisation.	Yes
Place and date:	Brussels, 16/10/2018

1. Briefly describe **your level of knowledge regarding the MFF** (in one sentence), and your **(planned) activities** in the field –including your engagement with climate financing and why it is important to you.

I worked on the last MFF to strengthen the EU's reporting mechanisms and to ensure common reporting format for MS and also for their submissions to the UNFCCC for their climate finance commitments towards third countries. I was the Climate Finance Policy Officer at CAN-Europe from 2010 to 2014. And continued working on it during the following 2.5 years at CIDSE and now am following the EU Budget and am involved in stakeholder dialogues for the ESIF as the Policy Coordinator at ECOLISE.

2. Are you **engaged in lobbying / advocacy on climate-related funding** in your country or at the EU level?

Your role in your country:  
At the EU level and MS level through our membership

Your role at the EU level:  
Participating in ESIF stakeholder meetings, Providing input into EESC Opinion on climate finance, making submission for the public consultations on the various aspects of the EU Budget.

## Part B: Learning from the past and present

3. In your opinion, what have been **the main advantages and disadvantages** of past EU funding relating to climate and environment in your country? Please give examples of successful investments that may inspire other countries.

The LEADER and Community led Local Development (CLLD) grants, the European Structural and Investment Funds (ESIF) are essential at MS level for community-led initiatives. It helps connect them with local authorities and gain access to funds to enhance the scalability and impact of local solutions on climate resilience, mitigation, adaptation and sustainability. These communities are playing a critical role in driving local transition processes, transforming local economies and also helping to bring about a shift in norms and behaviour. As the EU looks to increase its budgets and financing towards climate action both across the EU Member States and internationally it is important that community-led initiatives are given direct and local access.

4. What **lessons from past EU funding** relating to climate and environment in your country have been learnt that are critically important to address in future funding processes?

Many EU funds have a priority focus on short-term economic development activities and projects (employment and enterprise creation) but do not provide sufficient flexibility to support longer term transition processes, which require community engagement and capacity building, technical support, and the development of common infrastructure/services to support the emergence of new economic activities and sectors. Some potential beneficiaries find it hard to access EU funding. Local grassroots initiatives on climate change and sustainability generally have a heavy reliance on volunteers, are often disconnected from mainstream policy and local development processes, and therefore often lack the knowledge, capacity and contextual awareness to benefit from such support.

5. **To what extent and where does the EU budget contribute** to achieving climate-relevant goals and measures in your country?

	To a low extent	To a medium/an average extent	To an above the medium/average extent	To a high extent
Renewable energy promotion			x	
Energy efficiency			x	
Clean mobility				
Green technologies		x		
Sustainable agriculture	x			
Biodiversity		x		
Sustainability			x	
Other (please add)				

6. Please give examples of where funding has been **particularly successful or represented low value for money** (i.e. poor practice).

Successful: good practice:

Low value-for-money: poor practice:



7. Which of these areas have **not received sufficient EU support to date**, but should have?

community-led transition processes which are hubs for social innovation and help transform local economies and cultural values.

8. To what extent is **EU funds spending in your country part of an overarching national climate protection strategy and framework**, what role does it play within national climate funding and did it help?

n/a

## Part C: Planning future climate funding

9. In your opinion, which are the **main areas and objectives that the future EU funding** should focus on in order to support your country to deliver on the Paris Agreement objectives to limit global warming at 1.5C? Please give specific examples of promising areas of investment.

Community energy initiatives are best placed to assess the potential of local renewable energy supply and demand reduction, they can foster cooperation between local energy companies and community associations and establish new partnerships to deliver on the clean energy transition. When it comes to EU budgetary planning process it is crucial that regions and cities lead on the development of local and regional strategies linked to EU funds spending plans while pursuing collaborative and participatory approach with citizens and stakeholders.

10. What do you know about the **opportunities to participate** in the planning, implementation and use of national and regional EU funds spending programmes, i.e. what funds are available, how to apply for them, whom to contact?

11. A proposal for the MFF is now being negotiated: What would be your **proposals for improving EU funding** in general, and specifically for climate change mitigation and adaptation? Please be specific as regards recommendation for a constructive way forward.

- Are **accessible to all communities** (in both urban and rural areas) in all parts of the EU. In this regard, we would recommend that currently instruments like the CLLD should become an obligatory element of all ESI Funds. And international funds and instruments through which the EU finances climate action should also have non-state-actor specific streams.
- Have an overarching **focus on the transition** to a low-carbon economy and society; going beyond a narrow focus on short term economic development in order to help communities build social capital and put in place the building blocks required for longer term resilience and sustainability. This would include having socio-economic, gender and biodiversity safeguards.
- Include a **priority theme on sustainable communities**, aimed at supporting bottom-up initiatives in villages, and neighbourhoods, which are citizen and community-led and focus on climate action and sustainability.

- Ensure that these community-led initiatives on climate action and sustainability are **represented in local governance and decision-making processes** (on LAG/CLLD group board, for example) and contribute to the local development strategy.
- Are guided by **results indicators established at EU level, which reflect the need to support transition processes** at local level, which do not always lead to direct job creation, at least in the short term, but do create the conditions for a longer term economic and societal transformation.
- **Support community animation**, which was a key element of earlier rounds of the LEADER programme. This support is essential to allow LAGs/CLLD groups to work with community organisations (voluntary groups) or other harder to reach groups (immigrants, etc..) to ensure they are included in local development processes and that they access funding supports. This is often the real added value of locally accessible instruments, that they can reach out and engage with communities. We would strongly urge that animation becomes an integral part of all funding programmes, and as an eligible budget line.
- Provide **higher levels of co-financing** for projects promoted by community organisations, and where co-funding is required, allow for this to be made up through voluntary/in-kind contributions.
- Require that local funding instruments introduce greatly **simplified application and reporting procedures** for community organisations, and provide assistance to groups in completing their applications and reports.
- Improving the **transparency and reporting** of the EU's financial flows, building on existing processes but tightening up reporting guidelines to address flaws and inconsistencies, and in particular enlarge it to all kinds of financing institutions.

12. What level of **EU monitoring or control** of EU-funded projects in your country would be needed to ensure added-value, proper implementation to enhance climate protection? Please also comment on whether and how this could be possible.

No double counting, ensuring additionality in terms of funds granted. Complete transparency in reporting modalities and criteria (which should be the same across the MS). Common reporting formats in order for the flows to be comparable across MS.

13. In your opinion, should **conditionalities for funding be set so that they would need to be fulfilled** by your government in order to receive EU funding, and if so, what would you recommend as appropriate conditionalities?

A: Yes, setting conditionalities is essential:

B: Yes, conditionalities are important:

C: Yes, conditionalities would be useful, but not essential:

D: No conditionalities are needed:

No conditionalities for grants being accessed at community-level or local authority level, but there could be more specific funding streams. Local authorities should decide with local stakeholders on how the funding should be spent. Certain conditionalities for MS are necessary to ensure that they follow the do no harm principle and if money is being granted for climate action then they do not at the same time fund activities that harm ecosystems and communities, such as fossil fuel subsidies and big infrastructure projects. Conditionalities so that MS abide by strong social, gender, environmental and climate safeguards in all their funding streams and policies.

14. In your opinion, if conditionalities are set and any of these conditionalities are not fulfilled by the national government, should **all or part of EU funding be suspended** until their fulfilment? (Please underline your choices.)

A: Yes

B: No

C: Don't know/undecided

This is a hard one, but yes a part of it should be suspended in case of violations to human rights, and other safeguards that are in place.

15. Do you have **any other comment** on future EU climate funding in your country?

Green Budget Europe (GBE) and the European Environmental Bureau (EEB), in collaboration with three partner organisations – Climate Action Network Europe (CAN Europe), Green Budget Germany (GBG) and Clean Air Action Group (CAAG, Hungary) – has been carrying out the project “MFF for the Climate” with the aim to compile proposals for EU decision-makers for making the next Multiannual Financial Framework (MFF) climate-friendly. The project is financed by the German Climate Initiative (EUKI). The European Climate Foundation and the Heinrich Böll Foundation have provided some co-funding.

The European Climate Initiative (EUKI) is a project financing instrument by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU). Its implementation is supported by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. It is the overarching goal of the EUKI to foster climate cooperation within the European Union (EU) in order to mitigate greenhouse gas emissions.

Disclaimer: The opinions put forward in this paper are the sole responsibility of GBE and do not necessarily reflect the views of the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety or of the project partners.

Supported by:



Federal Ministry  
for the Environment, Nature Conservation  
and Nuclear Safety



European  
Climate Initiative  
EUKI

based on a decision of the German Bundestag

## **Annex 3**

### **to the Supplement to the Synthesis Report “Climate Change and the EU Budget 2021-2027”**

## **Highly qualified, pro-European Hungarians about EU funding to Hungary**

The following citations<sup>1</sup> are all from highly qualified Hungarian persons who have a good knowledge about the use of EU funds in Hungary. All of them support the European Union and the process of European integration.

*“One explanation [of the elimination of the independence of the institutes of the Hungarian Academy of Sciences] is the vengeance against the Hungarian Academy of Sciences, because the Academy has defended CEU; another explanation is that in the new EU funding structure from 2021, it must be ensured that EU money for innovation and R&D will be channelled to certain groups. The more money comes to Hungary, the more can be allotted to private hands.”<sup>2</sup>*

Károly Takács, sociologist, in an interview in which he explained why he moved from Hungary to Sweden his whole project, funded with 2 million Euro by the EU’s European Research Council<sup>3</sup>

*There is a debate in the EU whether countries with a democratic backlash should be funded or not. If the conclusion is that funding should continue, citizens believing in democratic values will lose hope in the EU. If the conclusion is that funding should discontinue, far too many people would not understand why it is necessary and would feel that the EU had intervened in domestic affairs. However, this phenomenon can be explained with clear words. “European values” and “democracy” are not enough. Instead: “The EC cares about how European taxes are spent. It is happy to support developing countries as long as it can be certain that the support will be spent on public good and will not land in the pockets of oligarchs. Only countries where checks and balances, an independent judiciary and independent media enable sufficient control over the spending of EU funds and that are partners to the (EPPO) European Public Prosecutors Office can receive financial support.”<sup>4</sup>*

Mátyás Eörsi, former undersecretary in the Hungarian Ministry of Foreign Affairs and Member of the Parliamentary Assembly of the Council of Europe

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<sup>1</sup> The translation of the citations from Hungarian – with two exceptions – are mine. A.L.

<sup>2</sup> Ha ebbe az irányba megy az ország, az nekünk csak rossz lehet (*If our country goes into this direction, it can be only bad for us*). Index.hu, 14.06.2019,

<https://index.hu/techtud/2019/06/14/politikai-okokbol-svedorszagba-viszi-a-kutatasat-takacs-karoly/>

<sup>3</sup> A detailed description of his reasons for such a move can be found in English here:

<https://liu.se/dfsmedia/dd35e243dfb7406993c1815aaf88a675/28820-source/options/download/justification-letter-2019-liu>

<sup>4</sup> Mátyás Eörsi: The Future of European Democracy, Hungarian Spectrum, 6 April 2019, <http://hungarianspectrum.org/2019/04/06/matyas-eorsi-the-future-of-european-democracy/>

*“...the Hungarian government of today isn't kept in power by a military superpower with seemingly endless reinforcements, but rather the unimaginable amounts of money that can be stolen without any limitations whatsoever: the EU funds. They pay the wages of their mercenaries from the EU money amounting to thousands of billions of forints.”<sup>5</sup>*

Ákos Hadházy, independent member of the Hungarian Parliament;  
he is also running the website [korruptcioinfo.hu](http://korruptcioinfo.hu)

*„EU money has been spent either on useless things or we don't know what they have been spent on. OLAF investigates only the tip of the iceberg, and these essentially show that there has been probably overpricing, which does not drive the economy.”<sup>6</sup>*

Csaba László, economist,  
Member of the Hungarian Academy of Sciences

*“Nowadays there is no land that could be freely occupied as it had been in Roman times, but there is EU funding. We find that EU money is available to some as the newly conquered land for the Romans. This is a so greatly unacceptable part of today's Hungarian public life, which the Christian intelligentsia cannot and does not want to clarify.”<sup>7</sup>*

Keresztény Értelmiségiek Szövetsége (Union of Christian Intellectuals),  
Magyar Polgári Együttműködés Egyesület (Hungarian Civil Cooperation Association)  
and Professzorok Batthyány Köre (Batthyány Circle of Professors),  
three associations that have always been very loyal to Fidesz

*“...instead of guaranteeing convergence and prosperity for the whole society, EU funding, in the hands of the intertwined business and political elite, caused terrible distortions in the Hungarian economy, which will have long-term damaging effects.”<sup>8</sup>*

Viktor Zsiday, economist, one of the richest persons in Hungary, Portfolio Manager  
of Concorde Asset Management and Chairman of PLOTINUS Asset Management

*“Thank you, European Union. It matters not how painful it is, but it must be said that without you Hungary wouldn't have ended up where it is now. If you didn't finance the building and functioning of Orbán's dictatorship, the whole edifice would have crumbled already. It doesn't matter how painful it is to point out, but the destruction of Népszabadság, one of the last bastions of press freedom, was purchased with the immense amount of money you have poured into the country and which is now being used by the criminal oligarchs of a criminal state.”<sup>9</sup>*

Mária Vásárhelyi, a well-known and respected media expert on her Facebook site just after  
the government shut down the most widely read political daily newspaper, Népszabadság

<sup>5</sup> Ákos Hadházy: Earlier, Soviet Tanks Sustained a Dictatorship, Now EU Money Does. Hungarian Spectrum, 30 October 2018, <http://hungarianspectrum.org/2018/10/30/akos-hadhazy-earlier-soviet-tanks-sustained-a-dictatorship-now-eu-money-does/>

<sup>6</sup> Csaba László: Aprópénzért folytatunk harcot (*We are fighting for peanuts*), Népszava, 13.07.2018, [https://nepszava.hu/3001348\\_csaba-laszlo-apropenzert-folytatunk-harcot](https://nepszava.hu/3001348_csaba-laszlo-apropenzert-folytatunk-harcot)

<sup>7</sup> In the common publication of the three associations “Újra névén nevezzük” (*Call a spade a spade again*), as reported by Index.hu, 28.04.2018, [https://index.hu/belfold/2018/04/28/a\\_kereszteny\\_ertelmiseg\\_kemenyen\\_kiosztotta\\_orbant/](https://index.hu/belfold/2018/04/28/a_kereszteny_ertelmiseg_kemenyen_kiosztotta_orbant/)

<sup>8</sup> Zsiday: nemzeti tragédia, ami Magyarországon folyik (*It is a national tragedy, what is happening in Hungary*), Portfolio.hu, 22.10.2016, [http://www.portfolio.hu/befektetes/ongondoskodas/zsiday\\_nemzeti\\_tragedia\\_ami\\_magyarorszagon\\_folyik.1.239038.html](http://www.portfolio.hu/befektetes/ongondoskodas/zsiday_nemzeti_tragedia_ami_magyarorszagon_folyik.1.239038.html)

<sup>9</sup> <https://www.facebook.com/magyarinfo/posts/10154499882228467>, 08.10.2016. English translation taken from here: <http://hungarianspectrum.org/2016/10/08/viktor-orban-shut-down-hungarys-leading-opposition-paper/>

*“On the basis of the experiences in Hungary during the past years, it seems that the cursed treasure effect is valid also for EU funding. There is no proof that the Hungarian economy grew faster than it would have without EU money.”<sup>10</sup>*

Balázs Várady, economist, senior researcher at the Budapest Institute, reporting about the results of their research on EU funding to Hungary

*“Non-refundable EU funds are absolutely damaging, because they provide wrong incentives, lead to inefficient allocation of resources, distract their attention, and, on the whole, enhance their already existing weaknesses. ... Although the official purpose of EU funds is to increase the competitiveness of enterprises and to enhance their innovation capabilities, it might turn out, that it is just the present system of funding that causes the lagging of the European Union, its imitating and following behaviour in the international competition.”<sup>11</sup>*

Levente Zsembery, CEO of X-Ventures, Hungary's leading venture fund management company

*“If our country spends EU money following the present trends and framework, this might cause the biggest tragedy of Hungary.”<sup>12</sup>*

Zsombor Essősy, CEO of MAPI Hungarian Development Agency Corp., “The Expert of EU and Domestic Funds” (as it is described on MAPI's website)

*“All surveys show that the use of the [EU] cohesion and structural funds have been a complete failure...”<sup>13</sup>*

Dániel Deák, professor at the Budapest Corvinus University

*“We use EU funds with very low efficiency ... EU money is not valued, and not only in the public sphere: entrepreneurs often buy machines for which they have no or little need, and when we ask why they purchased them, they answer that it was for free.”<sup>14</sup>*

Attila Chikán, professor at the Budapest Corvinus University and former Minister of Economy (during the first Orbán government, in 1998-1999)

*“The Orbán regime has been openly and consequently destroying the fundamental institutions of liberal democracy. The taxpayers of liberal democracies are financing the feudal chain for this, and they finance everything which the regime presents as its own success, and they substitute the capital chased away.”<sup>15</sup>*

Editorial of Népszabadság

<sup>10</sup> Romlásba döntik Magyarországot az EU-támogatások (*EU funds ruin Hungary*). Portfolio.hu, 14.06.2016, [http://www.portfolio.hu/unios\\_forrasok/gazdasagfejlesztes/romlasba\\_dontik\\_magyarorszagot\\_az\\_eu-tamogatások.12.233341.html](http://www.portfolio.hu/unios_forrasok/gazdasagfejlesztes/romlasba_dontik_magyarorszagot_az_eu-tamogatások.12.233341.html)

<sup>11</sup> Ibid.

<sup>12</sup> „Az EU-pénzek elköltésének módja az ország legnagyobb tragédiáját okozhatják”. Világgazdaság (economic daily), 24.05.2016, <http://www.vg.hu/gazdasag/az-eu-penzek-elkoltesenek-modja-az-oroszag-legnagyobb-tragediajat-okozhatjak-470472>

<sup>13</sup> „Jószerevel nincs olyan, akinek van valamije, és törvényes úton érte el” (“Practically there is nobody who is wealthy and gained his/her wealth by legal means”), hvg.hu, 27.04.2016, [http://hvg.hu/gazdasag/20160427\\_versenypepesseg\\_deak\\_daniel\\_interju\\_tokeimport\\_panama\\_papers\\_offshore](http://hvg.hu/gazdasag/20160427_versenypepesseg_deak_daniel_interju_tokeimport_panama_papers_offshore)

<sup>14</sup> „Magyarországon folyamatos lecsúszás van” (“Hungary is in a state of permanent decline”). Népszabadság, 05.12.2015, <http://nol.hu/gazdasag/okok-es-rokonok-1578683>

<sup>15</sup> Ellenpénz (*Contra-money*). Népszabadság, 23.12.2015, <http://nol.hu/velemen/ellenpenz-1581309>



*“It is possible to make the taxpayers of countries conducting good policies pay for the price of bad policies in other countries, for example by the redistribution in the EU... The present parasite government is kept alive precisely by this.”<sup>16</sup>*

Sándor Révész, a leading columnist of the most widely read Hungarian daily political newspaper, Népszabadság

*“I have read the paper ‘Good Intentions Meet Reality: The Dire Consequences of Spending EU Taxpayers’ Money in Hungary’ by András Lukács, President of the Clean Air Action Group with great attention and interest. The Clean Air Action Group is a well-known NGO in Hungary whose field of interest extends well beyond environmental issues: it is a respected anti-corruption watchdog and defender of the public interest in general. The arguments raised in its pamphlet are important, well-founded and deserve deep scrutiny. Although they present only the side-effects of the EU funds in Hungary – which are not unknown among the experts of the cohesion and agricultural policies of the EU –, they deserve serious attention in order to make the best use of the EU taxpayers’ money.”<sup>17</sup>*

Dr. Tamás Halm

Secretary General of the Hungarian Economic Association

Former Deputy President of the National Development Office of the Republic of Hungary

*“The present practice of state aid entails enormous losses of time and financial resources, and deteriorates competitiveness to an extremely large degree.”<sup>18</sup>*

*„EU funding might make the actors of the [Hungarian] economy infantilistic.”<sup>19</sup>*

Gábor Bojár,

Chairman of the Board of Directors of the famous and very successful and innovative company Graphisoft

*“When they implement an investment, they do not consider how much it will cost to maintain and operate it during the next 10 to 20 years. Regarding the whole period, it might be that the EU funds cause more harm than good.”<sup>20</sup>*

President of the State Audit Office, László Domonkos, speaking about the results of their examination of the use of EU funds by local governments

*“The main reason the business elite started to be involved in politics, and to side with political parties and persons, is the fact that Hungary joined the EU, from where thousands of billions of Forints started to flow to us. It was already worth influencing the allocation of this money, and it became possible to get substantial financial resources as winners of applications for grants.”<sup>21</sup>*

Imre Kovách, scientific advisor of the Sociological Institute of the Hungarian Academy of Sciences, introducing a study of the Institute on the topic

<sup>16</sup> A mosómedve pénze? (*The raccoon's money?*) Népszabadság, 21.11.2014, <http://nol.hu/velemenya-mosomedve-penze-1499737>

<sup>17</sup> In e-mail to András Lukács, 16.12.2013 (in English). The report ‘Good Intentions Meet Reality: The Dire Consequences of Spending EU Taxpayers’ Money in Hungary’ can be downloaded from here: [http://www.levego.hu/sites/default/files/eu\\_budget\\_hungary\\_130404\\_final.doc](http://www.levego.hu/sites/default/files/eu_budget_hungary_130404_final.doc)

<sup>18</sup> Pénz az asztalon (*Money on the table*). Lélegzet, 2/2008 <http://www.lelegzet.hu/archivum/2008/02/3532.hpp>

<sup>19</sup> Nem Orbán a hibás, hanem az EU? (*It is not Orbán's fault, but that of the EU*). Napi.hu, 12.05.2014, [http://www.napi.hu/magyar\\_gazdasag/nem\\_orban\\_a\\_hibas\\_hanem\\_az\\_eu.581138.html](http://www.napi.hu/magyar_gazdasag/nem_orban_a_hibas_hanem_az_eu.581138.html)

<sup>20</sup> Bekeményít a számvevőszék (*The Audit Office is getting tough*), MTI-Eco, 27.12.2012, [http://www.napi.hu/magyar\\_gazdasag/bekemenyit\\_a\\_szamvevoszek.540898.html](http://www.napi.hu/magyar_gazdasag/bekemenyit_a_szamvevoszek.540898.html)

<sup>21</sup> Egyre többen mutatnak magukból a magyar milliárdosok (*The Hungarian billioners show more and more about themselves*). Népszabadság, 23.01.2013., [http://nol.hu/archivum/20130123-alig\\_ismerjuk\\_az\\_elitunket](http://nol.hu/archivum/20130123-alig_ismerjuk_az_elitunket)



*“Present development policy is financed by non-transparent redistribution. It serves only to reward those who are close to the current political power, and it is a hotbed of corruption.”<sup>22</sup>*  
*“It is not the market competition, the efficiency which directs the allocation of capital, but the embeddedness in [political] power. The struggle for public money – for lack of market coordination – necessarily creates overcapacities, the maintenance of which continuously eats up more and more taxpayers’ money.”<sup>23</sup>*

József Papp, Professor at the Budapest Corvinus University (university of economics), author of the book “A magyar gazdasági csoda” (*The Hungarian Economic Miracle*) which was finished in 2009 (i.e. before the present ruling party, Fidesz came to government), and in which he gave a thorough analysis of the use of EU funds in Hungary

*“To make things worse, the calls to apply for grants often miss their goal; they do not facilitate finding solutions for the actual problems, while the funds offered generate a demand that the company concerned does not necessarily need. This trend is further intensified by companies which specialize in grant application writing, and which are interested in obtaining the offered funds but are not interested in utilizing them efficiently. ... In the period between 2003 and 2006, the growth rate of enterprises that received state subsidies did not show any significant difference in comparison to companies that did not receive such grants. In fact, many of the grant-aided firms actually registered negative growth. In the SME [small and medium enterprises] category, the larger and older enterprises practically snatched away for themselves all available grants, and used them to sustain their low-efficiency operations. There were just a very small number of companies (approximately one-seventh part of all grant recipient companies) which achieved any substantial progress and whose success was at least partly attributable to the received grant.”<sup>24</sup>*

László Szerb, Associate Professor at the Faculty of Business and Economy at the University in Pécs, in the study ordered by the Reformszövetség (Reform Alliance), an influential business circle, in 2009

*“The subsidies allocated to Hungary’s business sector do not really result in any perceptible improvement of the growth potential or the much coveted competitiveness. It is a hardly refutable suspicion that a large part of the grants arriving to Hungary are just ‘money going down the drain’, and that, even with the best of intentions, they do not contribute to attaining Hungary’s fundamental economic policy goals (growth, regional development, specialized training, etc.) but rather prolong the agony of enterprises that are unfit for survival.”<sup>25</sup>*

Miklós Hegedűs, managing director of the influential economic consultancy GKI Energy Research and Consulting Ltd.

Budapest, 16 June 2019

**Compiled by András Lukács,  
President of Clean Air Action Group  
Board Member of Green Budget Europe**

<sup>22</sup> Papp József: Szemétkosárba az Új Széchenyi Tervvel! (*Into the Garbage Can with the New Széchenyi Plan*), hvg.hu, 23.02.2011, [http://hvg.hu/velemeney/20110223\\_papp\\_szechenyi\\_terv](http://hvg.hu/velemeney/20110223_papp_szechenyi_terv) [The New Széchenyi Plan is the programme of the Hungarian government for spending EU money]

<sup>23</sup> Papp József: A magyar csoda (*The Hungarian Miracle*). Index.hu, 06.01.2009, <http://index.hu/velemeney/jegyzet/mcs090106/>

<sup>24</sup> Gazdaságpolitikai javaslatok a Reformbizottság számára a kis- és középvállalatok helyzetének javítására. (*Proposals for economic policy to improve the situation of SMEs*). Összeállította: Dr. Szerb László, 2009, [www.reformszovetseg.hu/hatteranyag/Realgazdasagi\\_Munkacsoport/KKV.doc](http://www.reformszovetseg.hu/hatteranyag/Realgazdasagi_Munkacsoport/KKV.doc) (not accessible any more)

<sup>25</sup> Ki hol söpörjön? (*Who should sweep where?*) Világgazdaság, 2008. január 23. <http://www.vg.hu/index.php?apps=cikk&cikk=205138>