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Italian Ministry for the Environment and Territory



THE REGIONAL ENVIRONMENTAL CENTER
for Central and Eastern Europe

**ENVIRONMENTAL ASPECTS OF THE STRUCTURAL FUNDS AND
COHESION FUND
IN NEW EU MEMBER STATES AND CANDIDATE COUNTRIES**

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CF Cohesion Fund

CSF Community Support Framework

IB Intermediate Body

MA Managing Authority

OP Operational Programme

SF Structural Funds

SPD Single Programming Document

INTRODUCTION

Implementation of EU regional policy to promote economic and social cohesion throughout the Union provides serious opportunities and challenges for environmental protection and sustainable development in Europe. The funding instruments – Structural Funds (SF) and the Cohesion Fund (CF) – will provide over € 21 billion in development aid for the ten new EU member states during 2004-2006. Implementation of the plans, programmes, and projects to be supported by these funds will have a strong impact on the environment and the path of development in these countries, and the ultimate result will be determined by a complex set of factors.

The purpose of this paper is to lay the ground for review and discussion of the environmental aspects of these funding instruments by senior environmental authorities and economic development authorities and key environmental non-governmental organizations (NGOs) during a two-day conference organized by the Regional Environmental Center for Central and Eastern Europe (REC). The paper, prepared by REC staff, provides a comparative overview of funding allocations, programming documents, and institutional arrangements for the SF and the CF for the ten new member states. For the candidate countries Bulgaria and Romania, progress so far with planning and programming is represented. The information has been gathered primarily from publicly available planning and programming documents, as well as published statistics. Most of the information presented in the paper will not be new for those who have been involved in the planning and programming processes so far, but the comparative structure shows how the process is going in all of the countries. The paper is in draft format, and will be finalised after the May 13-14 conference to include the minutes and conclusions of the conference, and specific comments from meeting participants.

STRUCTURAL FUNDS AND COHESION FUND ALLOCATIONS, 2004-2006

Table 1, Overview of the Structural Funds and Cohesion Fund financing allocated to new member states, 2004 - 2006.

	Basic Data		Structural Funds				Cohesion Fund	Total
	Area	Population	Objective 1	Objective 2	Objective 3	Community Initiatives		
	km ² 2004	in million 2004	in million € 1999 prices					
Cyprus	9 251	0.7	0	25	20	5	48	101
Czech Rep.	78 866	10.2	1 286	63	52	89	836	2 328
Estonia	45 227	1.3	329	0	0	13	276	618
Hungary	92 340	10.2	1 765	0	0	88	994	2 847
Latvia	64 589	2.3	554	0	0	21	461	1 036
Lithuania	65 301	3.4	792	0	0	30	544	1 366
Malta	316	0.4	56	0	0	3	20	79
Poland	312 685	38.2	7 321	0	0	315	3 733	11 369
Slovenia	20 000	2.0	210	0	0	27	169	405
Slovak Rep.	49 035	5.4	921	33	40	57	510	1 560
Total	73 7610	74.1	13 234	121	112	648	7 591	21 706

Basic data: Eurostat, 2004.

Funding data: DG Regio workshop presentation, 2004.

For information and for purposes of comparison, this table gives the area, population, and funding allotments for the 2004-2006 programming period for the ten new member states. The candidate countries Bulgaria and Romania do not have allocations in the current funding period; they are still receiving pre-accession assistance.

Over 21 billion EUR is allocated for the new member states in the current funding period; slightly more than one-third of that is allocated for the CF, and the remainder is spread across the four main SF and the two Community Initiatives active in new member states (Interreg and Equal). The bulk of the SF assistance will go to Objective 1 regions. All of the countries except Cyprus, the Czech Republic, and Slovakia are 100% covered by Objective 1 regions. Approximately 50% of the funds will go to Poland, whose population represents 52% of the new member states' total.

Table 2, Overview of the Structural Funds and Cohesion Fund financing per head and estimated allocations for environmental projects, 2004 - 2006.

	Basic Data		Funding Data			
	Area km ²	Population Million	Total Funding Million € 1999 prices	€/ Head Total	Estimated % Environmental Projects	€/ Head Environment
Cyprus	9 251	0.7	101	144	25	36
Czech Rep.	78 866	10.2	2 328	228	25	57
Estonia	45 227	1.3	618	475	23.8	113
Hungary	92 340	10.2	2 847	279	24.6	69
Latvia	64 589	2.3	1 036	450	22.8	103
Lithuania	65 301	3.4	1 366	402	20.5	82
Malta	316	0.4	79	198	40.9	81
Poland	312 685	38.2	11 369	298	19.3	57
Slovenia	20 000	2	405	203	19.7	40
Slovak Rep.	49 035	5.4	1 560	289	21.8	63
Average Total	737 610	74.1	21 709	297	24.34	70.1

Basic data: Eurostat, 2004.

Funding data: EC, Questions and Answers on Enlargement and Environment, Memo 04/86, 2004.

This table shows the relative amounts of total funding allocated to each of the countries on a per capita basis and, based upon European Commission estimations, the percentage each country has allocated for environmental projects. Based upon these figures, it can be said that nearly 25 % of the funds, over € 5 billion, is available for environmental projects during 2004 – 2006. (Of course this is subject to the definition of an “environmental” project, as discussed below.) The highest share of environment funding per capita will go to Estonia and Latvia, although Malta has allocated the largest percentage of available funding for environmental projects. Cyprus, Czech Republic, and Hungary are second in the percentage ranking, each with about one quarter of total funding allocated for environmental projects.

CONTENTS OF THE PROGRAMMING DOCUMENTS

Table 3, Overview of Programming Documents for the Structural Funds for New Member States and Candidate Countries.

Country, Document^a	Operation Programmes or Single Programming Document Priorities	Specific Priorities or Measures for Environment and/or Sustainable Development
Cyprus Obj 2 SPD	<ol style="list-style-type: none"> 1. Sustainable Rural Development 2. Regeneration of Urban Areas 	<ol style="list-style-type: none"> 1 - Thriving local communities 2 - Integrated urban regeneration
Czech Republic Obj 1 CSF + OPs Obj 2 & 3 SPD Prague	<p>OPs</p> <ol style="list-style-type: none"> 1. Industry & Enterprise 2. Infrastructure 3. Human Resources Development 4. Rural Development and Multi-Functional Agriculture 5. Joint Regional OP 	<ol style="list-style-type: none"> 2 - Reduction of negative environmental impacts of transport 2 - Environmental infrastructure improvement 5 - Public transport, urban regeneration <p>SPD2 - Revitalisation and development of city environmental</p>
Estonia SPD	<ol style="list-style-type: none"> 1. Human Resource Development 2. Competitiveness of Enterprises 3. Rural Development & Agriculture 4. Infrastructure and Local Development 5. Technical Assistance 	<ol style="list-style-type: none"> 3 - Local initiatives for rural development 4 - Local environmental infrastructure
Hungary CSF + OPs	<ol style="list-style-type: none"> 1. Economic Competitiveness 2. Agriculture & Rural Development 3. Human Resources 4. Environmental Protection & Infrastructure 5. Regional Development 	<ol style="list-style-type: none"> 2- Development of rural areas 4 - Environmental protection 5 – Regeneration of urban areas
Latvia SPD	<ol style="list-style-type: none"> 1. Promotion of Territorial Cohesion 2. Promotion of Enterprises and Innovation 3. Development of Human Resources and Promotion of Employment 4. Development of Rural Areas and Fisheries 5. Technical Assistance 	<ol style="list-style-type: none"> 1 - Environmental infrastructure and tourism 1 - Accessibility and transport system 4 - Development of local action (LEADER-type)
Lithuania SPD	<ol style="list-style-type: none"> 1. Social and Economic Development of the Economy 2. Human Resource Development 3. Development of the Production Sector 4. Rural and Fisheries Development 5. Technical Assistance 	<ol style="list-style-type: none"> 1 - Energy efficiency; Environmental quality
Malta SPD	<ol style="list-style-type: none"> 1. Strategic Investments and Strengthening Competitiveness 2. Developing People 3. Rural Development and Fisheries 4. Regional Distinctiveness (Goza Special Needs) 5. Technical Assistance 	<ol style="list-style-type: none"> 1 - Improving the environment situation
Poland CSF + OPs	<ol style="list-style-type: none"> 1. Competitiveness of Enterprises 2. Human Resources Development 3. Transport 	<ol style="list-style-type: none"> 1 - Balanced development of different transport modes 4 - Sustainable development of rural areas

Country, Document ^a	Operation Programmes or Single Programming Document Priorities	Specific Priorities or Measures for Environment and/or Sustainable Development
	<ol style="list-style-type: none"> 4. Food Sector & Rural Development 5. Fisheries & Fish Production 6. Integrated Regional OP 7. Technical Assistance 	<ol style="list-style-type: none"> 5 - Protection and development of aquatic resources 6 - Environmental infrastructure 6 - Public urban transport 6 - Local development
Slovak Republic CSF + OPs Obj 2&3 SPD Bratislava	<ol style="list-style-type: none"> 1. Industry & Services 2. Human Resources 3. Agriculture & Rural Development 4. Basic Infrastructure 	<ol style="list-style-type: none"> 3 - Renovation and development of villages and conservation of rural heritage 4 – Environmental infrastructure SPD 2 – Infrastructure and local initiatives
Slovenia SPD	<ol style="list-style-type: none"> 1. Productive Sector & Economic Competitiveness 2. Knowledge, Human Resource Development & Employment 3. Economic Infrastructure 4. Technical Assistance 	
Bulgaria NDP	<ol style="list-style-type: none"> 1. Economic Competitiveness 2. Human Resources Development 3. Basic Infrastructure & Environmental Protection 4. Agriculture & Rural Development 5. Sustainable Regional Development 	<ol style="list-style-type: none"> 1 - Sustainable growth of economy 3 – Sustainable transport 3 - Environmental master plan 4 - Sustainable agricultural production, 4 - Sustainable rural development consistent with the best environmentally friendly practices 5 - Sustainable development of regions 5 - Establishment of appropriate environment for economic growth
Romania NDP	<ol style="list-style-type: none"> 1. Economic Competitiveness 2. Transport/Energy Infrastructure & Environmental Protection 3. Human Resources Development 4. Agriculture & Rural Development 5. Sustainable Regional Development 	<ol style="list-style-type: none"> 2 – Environment and public utilities 5 – Environmental protection at regional level

^a Programming documents considered: Community Support Framework (CSF) and Operational Programmes (OPs): CZ, HU, SK, PL; Single Programming Document (SPD) CY, EE, LV, LT, MA, SLO; National Development Plan (NDP) BG, RO

An examination of the programming documents from the new member states and national development plans from the candidate countries shows that the programming arrangements are similar across the countries. Nearly all of the countries have the following basic programmes or priorities:

- Economic competitiveness or support for industry/productive sector; in some cases this includes environmental infrastructure
- Human resource development – training and promotion of employment
- Agriculture and rural development – mostly support to agricultural processes and competitiveness; some measures to promote sustainable rural development and local initiatives
- Infrastructure
- Regional development – the larger countries tend to focus more on this, with the intention to accelerate the development of regions lagging behind according to EU cohesion concept
- Technical assistance

We have also identified specific priorities or measures which appear to support environment or sustainable development. This representation is of course only indicative, as time did not permit a thorough

investigation or interpretation of the contents of all the programming documents, nor does it present the amounts of funding attached to the measures or the relative priority accorded the measures in each country. Environmental projects will be financed primarily under OPs or SPD Priorities for infrastructure, rural development, and regional development. The Hungarian OP for environment and infrastructure has a more broad focus, with specific options for financing “non-infrastructure” environmental projects, including nature and biodiversity conservation efforts (see Box 2 below for more details). In Lithuania environmental projects are funded under an economic development programme, interestingly titled “Social and Economic Development of the Economy”, the only such programme to formally take into account social issues.

Agriculture and rural development programmes often include measures to support sustainable rural development, notably in Slovakia, which has a priority for “Renovation and development of villages and conservation of rural heritage.” It appears, however, that most of the countries will target these funds on improvement of agricultural processes, access to markets, and overall competitiveness, to offset increased competition for their agricultural products within the enlarged EU. There will be less emphasis on agro-environmental measures; the situation was similar with the implementation of the pre-accession instrument SAPARD.

Four of the countries – Czech Republic, Hungary, Poland and Latvia – have created separate programmes/priorities for regional development or regional cohesion. One aim of such programmes is usually to decentralise the process in terms of both planning/programming and managing the process (see more below on institutions). These programmes have some specific measures promoting environment and sustainable development, including local development, urban regeneration, and environmental infrastructure.

While almost all of the countries have some specific priorities or measures for the environment, there are options for environmental sustainability in projects or components of projects in many of those programmes which do not target environmental objectives. Examples of such options are presented in Box 1 below. Much will of course depend upon the capacity and willingness of final beneficiaries to prepare projects or components of projects with environment and sustainability objectives.

BOX 1 EXAMPLES OF ENVIRONMENTAL PROJECTS WITHIN PROGRAMMES OR PRIORITIES THAT DO NOT HAVE SPECIFIC ENVIRONMENTAL MEASURES:

- **Human resources development:** environmental skills and management training, environmental awareness training, environmental education
- **Economic competitiveness** – development of environmental management systems and support for BAT for companies, environmental consulting, sustainable tourism; regeneration of neglected industrial areas
- **Agriculture and rural development/fisheries development** – application of environmental measures and elimination of past pollution in upgrade of agricultural processes; diversification of rural economy; removing of past pollution in harbours; restoring natural fish stocks, etc.
- **Infrastructure** – sustainable transport, clean/renewable energy; energy efficiency; innovative bioremediation in land reclamation; low-energy solutions for water/wastewater treatment; waste composting, recycling, re-use schemes, etc.

The CF will provide over € 7 billion for the new member states in the current period, to finance large infrastructure projects in the transport and environment sectors. The funding will be divided evenly across

the sectors, and there is a minimum project cost of € 10 million. Unlike the SF, which finance development plans, the CF finances projects, submitted by member states and approved by the European Commission. All of the new member states have listed water, wastewater, solid waste management as priority sectors in their environmental strategies for CF financing; some of the countries will also use the funds for air quality projects. For most countries, the CF pipelines are developed from the ISPA strategies and pipelines developed during the pre-accession period.

INSTITUTIONAL FRAMEWORK FOR THE STRUCTURAL FUNDS AND THE COHESION FUND

Table 4, Institutional framework for the management of the Structural Funds and the Cohesion Fund in New Member States and Candidate Countries.

Country	Operational Programmes or Single Programming Document	Managing Authority	Intermediate Bodies (Implementing Bodies)
Cyprus	1. Sustainable Rural Development	Permanent Secretary of Planning Body, under Finance Minister	Ministry of Interior
	2. Regeneration of Urban Areas		
Czech Republic	Community Support Framework	Ministry for Regional Development	N/A
	1. Industry & Enterprise	Ministry of Industry & Trade	CzechInvest (MoIT agency)
	2. Infrastructure	Ministry of Environment	State Environmental Fund Ministry of Transport
	3. Human Resources Development	Ministry of Labour & Social Affairs	National Training Fund (implementation agency)
	4. Rural Development and Multi-Functional Agriculture	Ministry of Agriculture	Agricultural Paying Agency
	5. Joint Regional OP	Ministry for Regional Development	Centre for Regional Development Regional Councils (7)
	SPD Objective 2	Ministry for Regional Development	Centre for Regional Development
	Cohesion Fund	Ministry of Regional Development	Ministry of Environment Ministry of Transport
Estonia	1. Human Resource Development	Ministry of Finance	Ministries of: Economic Affairs & Communications; Internal Affairs; Environment ; Social Affairs; Education and Research; Agriculture
	2. Competitiveness of Enterprises		
	3. Rural Development & Agriculture		
	4. Infrastructure and Local Development		
	5. Technical Assistance		
	Cohesion Fund	Ministry of Finance	Ministry of Economic Affairs & Communications, Ministry of Environment, Environmental Investment Centre
Hungary	CSF	National Office for Regional Development; Ministry w/o portfolio for EU Integration	Hungarian State Treasury – Financial Directorate (for all OPs)
	1. Economic Competitiveness	Ministry of Economy & Transport	Various state agencies
	2. Agriculture & Rural Development	Ministry of Agriculture & Rural Development	Ministry of Agriculture and Rural Development
	3. Human Resources	Ministry of Employment & Labour	National Employment Office + other agencies

Country	Operational Programmes or Single Programming Document	Managing Authority	Intermediate Bodies (Implementing Bodies)
	4. Environmental Protection & Infrastructure	Ministry of Economy & Transport	Ministry of Environment and Water Energy Centre State Treasury
	5. Regional Development	National Office for Regional Development; Ministry w/o portfolio for EU Integration	National RD Agency + Regional Development Agencies (7)
	Cohesion Fund	Office of the National Development Plan and EU Support	Ministry of Economy and Transport Ministry of Environment and Water
Latvia	1. Promotion of Territorial Cohesion	Ministry of Finance	Ministries of: Regional Development and Local Governments; Economy; Welfare; Education and Science; Agriculture; Transport; Environment ; Health; Culture
	2. Promotion of Enterprises and Innovation		
	3. Development of Human Resources and Promotion of Employment		
	4. Development of Rural Areas and Fisheries		
	5. Technical Assistance		
	Cohesion Fund	Ministry of Finance	Ministry of Environment Ministry of Transport
Lithuania	1. Social and Economic Development of the Economy	Ministry of Finance	Ministries of: Economy ; Social Security and Labour; Education and Science; Agriculture; Environment ; Transport and Communications; Health Care; Information Society; Development Committee
	2. Human Resource Development		
	3. Development of the Production Sector		
	4. Rural and Fisheries Development		
	5. Technical Assistance		
	Cohesion Fund	Ministry of Finance	Ministry of Environment Ministry of Transport
Malta	1. Strategic Investments and Strengthening Competitiveness	The Planning and Priorities Co-ordination Directorate (Office of the Prime Minister)	The Ministry for Social Policy Ministry for Rural Affairs and the Environment
	2. Developing People		
	3. Rural Development and Fisheries		
	4. Regional Distinctiveness (Goza Special Needs)		
	5. Technical Assistance		
	Cohesion Fund	The Planning and Priorities Co-ordination Directorate (Office of the Prime Minister)	Ministry for Transport & Communications Ministry for Resources & Infrastructure
Poland	CSF	Ministry of Economy, Labour and Social Policy	
	1. Competitiveness of Enterprises	Ministry of Economy, Labour and Social Policy	Ministry of Environment Ministry of Scientific Research & Information Technology

Country	Operational Programmes or Single Programming Document	Managing Authority	Intermediate Bodies (Implementing Bodies)
	2. Human Resources Development	The Ministry of Economy, Labour and Social Policy	Ministry of Economy, Labour and Social Policy Ministry of National Education & Sport
	3. Transport	Ministry of Infrastructure	None designated ^a
	4. Food Sector & Rural Development	Ministry of Agriculture and Rural Development	None designated ^a
	5. Fisheries & Fish Production	Ministry of Agriculture and Rural Development	None designated ^a
	6. Integrated Regional OP	Ministry of Economy, Labour and Social Policy	Regional Authorities (16)
	7. Technical Assistance	Ministry of Economy, Labour and Social Policy	None designated ^a
	Cohesion Fund	Ministry of Economy, Labour and Social Policy Ministry of Environment Ministry of Infrastructure	N/A
Slovak Republic	CSF	Ministry of Construction and Regional Development	N/A
	1. Basic Infrastructure	Ministry of Construction and Regional Development	Ministry of Transport, Posts and Telecommunications Ministry of Environment
	2. Human Resources	Ministry of Labour, Social Affairs, and Family	Ministry of Education
	3. Industry & Services	Ministry of Economy	National Agency for Development of Small and Medium Enterprises + other agencies
	4. Agriculture & Rural Development	Ministry of Agriculture	Agricultural Paying Agency
	SPD Objective 2	Ministry of Construction and Regional Development	N/A
	Cohesion Fund	Ministry of Construction and Regional Development	Ministry of the Environment Ministry of Transport, Posts and Telecommunication
Slovenia	1. Productive Sector & Economic Competitiveness	Government Office for Structural Policy & Regional Development	Ministries of: Economy; Labour, Family & Social Affairs; Agriculture, Forestry & Food
	2. Knowledge, Human Resource Development & Employment		
	3. Economic Infrastructure		
	4. Technical Assistance		
	Cohesion Fund	Ministry of Economy	Ministry of the Environment and Spatial Planning Ministry of Transport

^a In Poland overall MA (Ministry of Economy, Labour, & Social Policy) retains Intermediate Body role for certain OPs

Table 4 presents the primary institutions responsible for management and implementation of the programmes, those designated as Managing Authorities (MAs) and Intermediate Bodies (IBs). MAs have overall responsibility for the management of the programme, including issuing guidance materials, information and communication, reporting, and formal approval of the projects. IBs, which may be public

or private institutions, carry out tasks delegated to them by the MAs, usually including running the process of project selection, data collection for monitoring, guiding and assisting final beneficiaries with preparation of applications, and some supervisory tasks.

In the smaller SPD countries there is only one MA for the overall programme, and IBs are usually delegated across the other relevant sectoral ministries. The larger countries have designated individual MAs for each OP, again mostly the relevant sectoral ministries. IBs in the larger countries tend to be relevant agencies attached to MAs; in some cases the MA itself takes on the IB roles and responsibilities. In some cases the countries have named 4 or 5 different institutions as IBs for individual programmes, these will divide and share responsibilities.

The overarching goal of EU regional policy is to support cohesion within the EU, and the funding instruments are therefore targeted at regions within member states. In line with this principle, SF programmes in the “old” member states are usually decentralised; management and implementation tasks are carried out by regional-level authorities. This will not be the case in the new member states, at least for the current programming period, primarily because of the short programming period, limited experience with decentralisation and regional institutions in most of the countries, and the small size of most countries. The three largest new members, Poland, Hungary, and the Czech Republic, have prepared OPs to address development of the regions, with many IB tasks delegated to regional-level institutions.

Environmental authorities have an IB role in almost all of the countries. It is clear that environmental authorities are well-represented in the structures which have components specifically targeted for environment. It is often not clear, however, what will be the role of environmental authorities (or other environmental partners) in the management and implementation of “non-environment targeted” programmes, especially those which will have a significant impact on the environment, such as transport and economic competitiveness.

The role of environmental authorities in the programmes varies across the countries. In a formal sense, the Czech Republic has given the strongest role to its Ministry of Environment, which is the only environmental authority with MA responsibility for a programme. However, it is expected that in Hungary and Slovakia, which have a similar environmental programme structure as the Czech Republic, most of the tasks related to environmental priorities will be delegated to environmental authorities. At the same time, it is the MA which retains final decision-making rights in all cases, including selection of projects. (See Box 2 below for more details on the infrastructure/environment OPs.)

BOX 2: COMPARISON OF INFRASTRUCTURE OPERATIONAL PROGRAMMES IN 3 COUNTRIES		
CZECH REPUBLIC: OP INFRASTRUCTURE	HUNGARY: OP ENVIRONMENTAL PROTECTION AND INFRASTRUCTURE	SLOVAK REPUBLIC: OP BASIC INFRASTRUCTURE
Priority 1 Transport infrastructure <i>Railways junctions</i> <i>Class I roads</i> <i>Civil airports</i> <i>Ports and waterways</i> Priority 2 Environmental protection in transport <i>Combined transport</i> <i>Alternative fuels</i> <i>Research projects in environment/transport</i>	Priority 1 Environmental protection <i>Water quality improvement</i> <i>Animal waste management</i> <i>Healthcare, construction, demolition waste</i> <i>Groundwater and aquifer protection</i> <i>Nature conservation and sustainable flood management</i> <i>Air and noise monitoring</i> <i>Environmentally friendly energy management</i>	Priority 1 Transport infrastructure <i>Railway infrastructure</i> <i>Road infrastructure</i> <i>Air transport infrastructure</i> Priority 2 Environment infrastructure <i>Project and rational use of waters</i> <i>Air protection infrastructure</i> <i>Waste management infrastructure</i> <i>Protection, improvement, regeneration of natural environment</i>

Box 2: Comparison of Infrastructure Operational Programmes in 3 Countries		
CZECH REPUBLIC: OP INFRASTRUCTURE	HUNGARY: OP ENVIRONMENTAL PROTECTION AND INFRASTRUCTURE	SLOVAK REPUBLIC: OP BASIC INFRASTRUCTURE
Priority 3 Environmental infrastructure <i>Recovery of landscape environment</i> <i>Water management infrastructure</i> <i>Air protection infrastructure</i> <i>Waste management and old ecological burdens</i> Priority 4 Technical Assistance	Priority 2 Transport infrastructure <i>Main road network</i> <i>Environmental friendly transport infrastructure</i> Priority 3 Technical Assistance	Priority 3 Local infrastructure <i>"Intelligent regions"</i> <i>Regional policy and management</i> <i>Civil infrastructure</i> <i>Information society in public sector</i> <i>Institutional infrastructure for regional policy</i> <i>Renovation and development of villages</i> Priority 4 Technical Assistance
Managing Authority: Ministry of Environment Intermediate Body: State Environmental Fund; Ministry of Transport	Managing Authority: Ministry of Economy & Transport Intermediate Bodies: Ministry of Environment & Water ; Energy Center, State Treasury	Managing Authority: Ministry of Construction & Regional Development Intermediate Bodies: Ministry of Environment; Ministry of Transport, Posts & Telecommunications
Total ERDF Budget: 246 360 355 Priority 1: 84 070 218 Priority 2: 14 835 455 Priority 3: 142 092 754 Priority 4: 5 361 928	Total ERDF Budget: 440 293 786 Priority 1: 171 021 077 Priority 2: 251 819 601 Priority 3: 17 453 108	Total ERDF Budget: 422 363 451 Priority 1: 206 218 995 Priority 2: 96 394 549 Priority 3: 95 160 084 Priority 4: 24 589 823

ENVIRONMENTAL EX-ANTE EVALUATIONS IN THE PROGRAMMING PROCESS

All countries seeking to use EU Structural Funds are bound by the Article 41 of the Regulation 1260/1999/EC that requires undertaking of *ex-ante* evaluation as an integral part of the programming process. Ex-ante evaluations help to examine economic, social and environmental issues and create conditions for achieving the sustainable development objectives of the Structural Funds. The focus of the environmental analyses to be performed within ex-ante evaluations is stipulated in the Article 41.2.b as follows:

- evaluation of the environmental situation of the region concerned;
- arrangements to integrate the environmental dimension into the assistance (e.g. environmental management plans);
- and how far they fit in with existing short- and long-term national, regional and local objectives;
- and an estimate of the expected impact on the environmental situation.

The importance of proper environmental analyses within ex-ante evaluations has been further highlighted in several guidance documents prepared by the European Commission¹. Despite this guidance, regional reviews based on informal consultations (with officials at national environmental authorities in charge of environmental assessments and with environmental NGOs) seem to raise concerns about the practical application and overall quality of environmental analyses within ex-ante evaluations. Most common concerns indicate that ex-ante evaluations seemed to, in majority of cases, to have paid most attention to economic and social issues whereas considerably less attention has been given to environmental issues.

¹ E.g. Vademecum, Plans and Programming Documents for Structural Funds 2000-2006 (DG XI, 1999), Handbook on Environmental Assessment of Regional Development Funds and EU Structural Funds (DG XI, 1998), The Ex-Ante Evaluation of the Structural Funds interventions? (WORKING PAPER 2 by DG XVI)

Several countries – Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Poland and Slovenia – have however taken an important decision to subject selected programming documents to a basic form of strategic environmental assessment (SEA). Since the SEA Directive² no. 2001/42/EC was not yet in force and national legal bases for SEA were yet evolving, most of these SEA were carried out on ad hoc basis and attempted to adhere to basic “good practice” rules as defined in the earlier EC guidance or by relevant support organisations (such as REC).

In most cases, these pilot SEAs were highly appreciated by planning and environmental authorities. Evaluation interviews indicate these SEAs typically helped planning authorities to strengthen the planning process and improved consultations with stakeholders. Box 3 contains some of the most interesting remarks raised in reviews of pilot SEAs supported by the REC.

As regards the next programming process, all new member states face the challenge of sound application of the SEA Directive in that programming process. The SEA directive stipulates stronger requirements for due account of detailed environmental analyses and consultations with concerned public. In order to meet these challenges, the new member states and candidate countries it will be wise for the new member states and candidate countries to start preparing in 2004 for the application of SEA Directive in the 2007 – 2013 programming period.

BOX 3: COMMENTS ON PILOT SEAS IN THE PROGRAMMING PROCESS

“The SEA for the first National Development Plan of Poland provided us with useful recommendations for improved consideration of environmental issues. The SEA has a wider applicability and can also be used in elaboration of other documents. We will be able to use the lessons learned and methodology developed in the future.”

Mr. Piotr Zuber, Ministry of Economy, Labour and Social Policy, Poland

“SEA helped us to improve the quality of the Hungarian Regional Operational Program. Proponents of this program often did not take into account natural resources, which form the basis of any economic activity. The SEA team identified the main relevant environmental issues and helped us to consider this information throughout the entire planning process. SEA also facilitated our cooperation with the Ministry of Environment, other sectoral ministries and regional authorities during environmental optimising of the programme.”

Ms. Ágnes Somfai, Prime Minister's Office, Hungary

“SEA is not a complicated and theoretical tool. It was a flexible mechanism that gave us feedback from environmental experts. It ran in parallel to the elaboration of the Estonian Single Programming Document and provided operative and practical inputs. It helped us to improve quality of the document and increased awareness among NGOs of the entire planning process.”

Ms. Kerli Lorvi, Ministry of Finance, Estonia

“SEA was very useful experience in elaboration of the Czech National Development Plan. It had benefits that went beyond its original purpose of ensuring full consideration of sustainable development during the planning process. SEA helped us to improve openness of the entire programming process and established a “bridge” between the planning team and the public. This turned out to be very positive feature that we later very much appreciated.”

Mr. Tomas Nejd, Ministry of Regional Development, Czech Republic

Source: Dusik, J, Fisher, T and Sadler, B Benefits of SEA, Briefing paper UNDP and REC, May 2003

² Directive no.2001/42/EC on the assessment of the effects of certain plans and programmes on the environment

CHALLENGES AND ISSUES FOR DISCUSSION

The following section will present some of the critical issues and challenges which drive the debate on the environmental impact of the SF and the CF. For clarity, the issues are broken down into three categories, although there is substantial overlap between the three. The “environmental aspects” considered here are multi-dimensional. First there are the prospects for financing “environmental” projects, i.e. those with the objective to bring positive impact on the environment. In addition to this, environment and sustainable development are considered horizontal priorities within EU regional policy, meaning that the impact of all plans, programmes, and projects must be considered. The second category contains issues related to the treatment of environment and sustainable development as horizontal priorities. The final section contains issues relevant to the debate on the upcoming funding period, 2007-2013. These issues are only a starting basis; they will be supplemented by the content of the conference presentations and discussions.

1. Financing projects with “mainstream” environmental objectives

Appropriate priority for “environmental” projects in programming documents. Funding is limited and there are prioritisation trade-offs between different programmes, priorities, and measures. Is adequate priority given to environmental objectives in development plans and is that priority backed up with funding allocations? If not, what are the main causes for this? Do environmental authorities and other environmental partners have an effective role in the negotiating processes?

Defining “environmental” projects. Nearly all projects to be funded by environmental programmes for SF (and all under CF) are infrastructure projects, mostly for water, wastewater, and solid waste systems. Some of the other programmes are broadly defined, especially those which could support sustainable rural development, local initiatives, nature conservation, renewable energies and “soft” environmental projects such as awareness and training. This means that it will be up to the final beneficiaries to prepare projects which can both satisfy the criteria and requirements and have positive impact. It is also evident that there are no clear means specified in most of the programmes for development of Natura 2000 and investments for preserving biodiversity. This is complicated by the fact that the objectives and timing requirements of the environmental legislation and policy (Water Framework Directive, Natura 2000, Kyoto targets, etc.) don’t always match those of the SF programmes.

Absorption capacity. It is generally expected that the new member states will have absorption capacity success with those instruments they have experience with, such as ISPA for large-scale infrastructure projects, and SAPARD for agro-industrial investments and some small-scale infrastructure. Greater difficulties are expected with smaller-scale programmes, especially those which require more bottom-up and/or cross-sectoral initiative to prepare the projects. There is a risk that countries will go for larger-scale, high-impact investment projects to increase the absorption capacity, and these projects are most likely to have negative environmental effects.

Project preparation arrangements. Are the managing authorities or intermediate bodies assisting with project preparation for the measures or are final beneficiaries left on their own to secure technical assistance resources and other necessary assistance? Evidence shows that for CF projects, there is plenty of assistance available, but for Structural Fund projects, the final beneficiaries, usually municipalities, must use their own initiative and in some cases funds to prepare projects. There is some risk for municipalities to undertake the complex preparation of their project ideas for SF, as there is no guarantee that they will get

the funds – it depends upon the evaluation process. There is a greater risk of non-absorption for SF than for the CF.

2. Treatment of environment and sustainable development as horizontal priorities

Role of environmental authorities and environmental partners. It is not yet completely clear whether environmental authorities will play a significant role in those programmes outside the environment sector which impact the environment. Such a role would include consultation in all stages of the project evaluation cycle, from setting criteria to evaluation, selection, and monitoring of projects. It also remains to be seen how well the countries will carry out the EIA process, as required by the EIA Directive.

Partnership arrangements with NGOs, regional/local authorities, businesses, external stakeholders in the programming process. Many of the external partners mentioned in the SF regulation are environmental actors and stakeholders. Partnership arrangements, if taken seriously and implemented effectively, can therefore be particularly useful for the promotion of environmental priorities and the integration of environmental aspects into the SF and the CF. External partners must have sufficient capacity, know-how, and resources to become involved and provide significant input at all stages of the process. Partners must also receive information about the process in a timely manner, and their input must be allowed to influence the outcomes of the process wherever appropriate.

Networking and cooperation for promotion of environment and sustainable development aspects of the programmes, on national and international levels. Networking of environmental (and where appropriate, other) authorities at multiple levels will enable them to share information, ideas, guidance, working tools, and experience, strengthen administrative and managerial capacities, as well as support the positions and influence of the authorities themselves within the planning, programming and implementation processes. Some other examples of networking and cooperation efforts from EU 15 include the establishment of an environmental coordinating committee for the CSF or SPD and a formal national environmental network. See Box 4 for more details.

BOX 4: SOME GOOD EXAMPLES FROM EU 15 STATES

- Develop environmental sustainability objectives for the overall programme (SPD or OP). These can be applied to individual measures and proposed projects and also used to assess the environmental sustainability of the programme as a whole. Currently there is no standard tool for this but there are many models created by the regions.
- Share experience and reporting to other regions and countries to gain an appreciation of opportunities and potential pitfalls
- Market the importance and benefits of integrating environmental sustainability into the programme
- Provide support and guidance to those wishing to develop environmental projects or to add components promoting environmental sustainability into other projects
- To implement the above and more: assign a “theme manager” for environment and sustainability to the programme, an individual or team who is responsible to liaise with managing authorities and other bodies and oversee integration of these considerations on a daily basis; can be funded with technical assistance funds

Evaluations of programming documents, plans, projects, and results. Evaluations provide an opportunity to review the overall impact of the programmes, and to avoid taking a project-centered approach. The challenge will be to ensure the quality of the evaluations, and that the results are properly incorporated into action. Implementation of the SEA Directive will be simultaneously a challenge and an opportunity for the new members to improve integration of environment and sustainability into their programmes.

(De)Centralisation of the Structural Funds programmes. Currently management and implementation of the funds is centralised at national level with partial decentralisation in the three largest new member states. It remains to be seen whether programmes managed directly at the regional level – as in EU 15 – bring better results for environment, and whether local actors are better poised to integrate environmental concerns into the programmes and execution of projects.

3. Issues for the next programming period

- Allocation of funds in new Financial Perspectives – overall funding for cohesion policy, new rural development fund, call for required percentage of funds dedicated to the environment.
- Further requirements for environmental objectives and indicators in the programming documents, with the inclusion of a “vertical” as well as horizontal measure; also to include ways in which to better coordinate the funds with other EU legislation, especially environmental
- Call for standardised tools to assist with integration of environment and sustainability into the funds – best practice guides (especially for demonstrating environmental improvement as a driver of economic growth), practical guidance for programme managers and project proponents, etc.
- Tools within the funds and/or programmes which would encourage a shift to more locally-delivered, less capital-intensive projects
- Proper implementation of the SEA Directive