

EUKI Academy Web Seminar Report

Towards a climate-neutral EU: efficient allocation of EU funds in CEE

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EU funding is a key instrument for achieving the EU's climate goals. In recent years, spending on green projects has increased massively. To highlight examples of effective and ineffective practices of EU-funded projects and discuss recommendations to improve systems through which EU money is spent, the [EUKI Academy](#) invited experts of the EUKI project "[Directing EU Funds towards Climate Neutrality](#)" and Zita Herman, Advisor on Budgets working for [The Greens/EFA](#).

The discussion was facilitated by **Luke Haywood**, [The European Environmental Bureau](#), and was based on the recently published position paper '[The current system of EU funding to national governments must change profoundly](#)'.

What makes EU-funded projects effective?

Katalin Tarr, [Clean Air Action Group](#), **Yasen Georgiev**, [Economic Policy Institute](#), **Jonas Sonnenschein**, [Umanotera](#) and **Ewa Świerkula**, [Institute for Sustainable Development](#), presented examples of effective and ineffective practices of EU-funded projects in four CEE-countries. Good practices of EU-funded projects are characterised by efficient financing, such as small-scale projects with low maintenance costs and strong involvement of the local community during the planning and implementation phase. Furthermore, projects are advantageous to the wider community when measures are financed that combine several goals, such as climate protection and social justice.

For more information on best practices have a look at the [CEEweb Best Practice Database](#).

Obstacles to achieving effective EU funding

In other cases, however, the EU finances projects that have no long-lasting sustainable effect. Those projects, especially in the infrastructure sector, can be characterised by vague regulatory indicators that prevent strict monitoring processes. Furthermore, there have been projects with no stakeholder involvement during the planning and implementation process which led to resentment in the local communities. In several cases, the implemented projects have caused a deterioration of the environment.

Examples can be found here:

- Hungary: ["A non-functional, oversized rainwater reservoir was built in an unsuitable protected area, using unsafe materials"](#)
- Slovenia: ["Mix Up Road And Cycling Infrastructure Projects"](#), Slovenia: ["Setting weak decarbonisation criteria for subsidies to Investment In SME Productivity Improvements"](#)
- Bulgaria: [Construction of a water park and expansion of Vazrazhdane Park, Sofia](#)

Might the 'Do No Significant Harm' (DNSH) principle bring change?

The experts agreed, that the "Do No Significant Harm" principle (DNSH) will play a major role in monitoring the sustainability of new projects funded by the Recovery and Resilience Facility (RRF) and as such strengthen the effectiveness of EU-funded sustainability projects.

- The '[*Do no significant harm*](#)' principle means that an economic activity or investment shall not do any significant harm to environmental objectives.
- The DNSH principle was first introduced to the Recovery and Resilience Facility (RRF) and its use is encouraged in the current multiannual financial framework (2021 – 2027)
- Projects of the current funding period that do not follow the DNSH principle must be collected into a database to follow up with the commission.

The projects partners will evaluate the implementation of the DNSH principle and gather more information on EU-funded climate projects, which violate the principle. In turn, the information could be used by EU institutions to increase their effort in enforcing proper implementation.

Stakeholder engagement might prevent harm and raise acceptance and awareness

- Local stakeholders, such as NGOs, should get involved as soon as the tender process starts to monitor the regulation of the tender and the implementing project.
- In order to increase acceptance of EU-funded climate projects, the general public needs accessible information, focusing on the advantages these projects bring to the overall community.
- Furthermore, the understanding of sustainability should be strengthened at schools. Teaching younger generations about the value of sustainable climate and environmental regulation will pay out in decades from now.

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