

Financing of energy transformation from the 2021-2027 EU budget: recommendations for the programming of EU funds in Slovakia from the point of view of regional energy

More information

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The commitments made by the UN member states in the Paris Agreement in December 2015 are aimed at maintaining the average global temperature increase by as much as 2 ° C by the end of the century as compared to the pre-industrial period. The development of global emissions, however, shows that this goal will not be achieved. According to Fatiha Biro, the Executive Director of the International Energy Agency (IEA), global CO₂ emissions in 2017, instead of the necessary sharp downturn, have risen again by 1.4%, and a similar forecast is expected in 2018. According to the IEA real policy will lead to an increase in the average global temperature at the end of the century by 3 to 4 °C. It remains in sharp contrast to the requirements of independent scientists based on facts and also in contradiction with the formal commitments of states.

As a result, the international community is dangerously shortening the time for a fundamental turnaround in the world economy needed to make mankind yet able to cope with the consequences of advancing global warming. This is mainly the consequence of burning fossil fuels.

It is therefore important for the EU not only to maintain its progressive course in climate and energy policy but also to develop it further than other major international players. However, this requires active support from all Member States, including Slovakia. Slovakia's transport and industrial policy (including massive subsidies for the privatized brown coal industry) has so far had the impression of being a climate obscurant in the EU.

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It is positive that the Slovak Ministry of the Environment expressed its interest in increasing the commitment of the Slovak Republic to reduce its CO₂ emissions by 2030 compared to the minimum reduction that Slovakia derives from an internal EU agreement on the shared responsibility of the Member States for climate change. However, taking into account the development of global warming, it is still a very poor target.

In addition, unsystematic behaviour at local and regional levels in Slovakia related to energy sector generates misunderstanding and resentment among unprepared regions and municipalities without qualified energy experts against the state's pressure to rapidly and flatly reduce greenhouse emissions. New responsibilities and regulations set at the central level (eg tightening rules on energy efficiency or collection and tracking of energy data) are perceived as further administrative complications. This weakens the effectiveness of measures to meet the climate targets of both the Slovak Republic and the EU.

The current state of affairs reflects the fact that the Slovak regions and municipalities lack the consistent energy policy, and in this area, almost no personal, financial, technical and knowledge capacities have been created.

Therefore, one of the biggest challenges facing public finance programming, including EU funds in Slovakia between 2021 and 2027, is to ensure systematic support for the development of decentralized, non-fossil and sustainable energy that would direct regions to energy self-sufficiency.

In December 2018, Friends of the Earth-CEPA published recommendations for programming of EU funds in the SR from the point of view of regional energy support. For the forthcoming budget period, the recommendations contain six priorities that respond to the current situation. The ambition of the proposal is not to cover the entire issue of energy, but to concentrate on creating favourable conditions for the systemic increase of the energy self-sufficiency of the regions of Slovakia.

The first priority is therefore to support the emergence of sustainable energy policy at the regional level. In order to achieve the required minimum quality of energy capacities, it is important to set the conditions and arrangements for EU funding so as to make it as simple as possible for applicants (a pre-financing system using flat rates for overhead, use of simplified administrative and billing procedures, and public procurement requirements, etc.).

The second priority is to apply sustainability criteria for the use of renewable energy sources. It is necessary to follow up already agreed sustainability criteria for energy use of wood and to complement them so that public resources do not support the waste of thermal energy produced from wood biomass. Similar criteria should be adopted for the use of other renewable energy sources and the scope of the criteria should be extended from EU funds to all public subsidies and support programs. This will not only maintain the local regenerative potential of renewable energy sources but also ensure the consistency with the long-term interests of nature and landscape protection.

The third priority is to support the construction and renovation of buildings with low energy needs. Investment measures must enable comprehensive renovation of buildings. This means, on the one

hand, an expanded range of eligible activities to enhance the energy efficiency of buildings and their combination, and, on the other, the possibility of their appropriate phased implementation within one project.

The fourth priority should be to promote the development of energy efficient infrastructure in small villages. EU funds should allow comprehensive financing of, for example, sanitation infrastructure with constructed wetlands by municipal social enterprises using local materials and local workforce. This would have multiple positive effects: in addition to reducing the energy intensity of wastewater treatment, social benefits and improving the quality of the environment, the local economy would be strengthened where it is least stable.

The fifth priority is to support the development of low-carbon transport. EU-funded transport sector measures should be tailored to favour public transport instead of the individual; rail transport instead of car transport; and low carbon or carbon-free transport instead of fossil fuel-based transport (including the construction of the infrastructure for electromobility). The horizontal priority to be applied in projects funded by EU funds should be the reduction of transport volumes (particularly expensive, eg by prioritizing the use of local labor and natural resources in investment projects, self-help, support for localized production, distribution and consumption cycles, minimizing long-distance transport of food and products, etc.).

The last priority is the transformation of the coal regions so that their local energy sector comes under local control and leads to self-sufficiency. EU funds must support the closure of dependence of coal regions on coal mining and combustion as quickly as possible. Other public policies must be subject to this objective as well.

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