



# Green 10 contribution to the Green Paper on the Transparency Initiative August 2006



## Part III: Disclosure of beneficiaries of community funds



### 1. Introduction: not only the member states need to become more transparent



The Commission, in its Green Paper on the European Transparency Initiative proposes a mandatory disclosure of beneficiaries of EU funds by the member states, such as structural funds and agriculture and fisheries subsidies. The Green 10 believes that the arguments for this are persuasive and apply in all policy areas. Beneficiaries of EU funds, whether they are companies, state agencies, farmers or NGO's, receive the money to fulfil public policy objectives. EU citizens should therefore be able to access information on who receives how much and for what purpose, in a user friendly way. Such information is the absolute minimum requirement for a well informed, transparent, public debate about EU policy making. Under the current legal framework EU citizens and NGO's are struggling to obtain information of a sufficient quality. It is clear that the current legal framework is not sufficient. The Green 10 therefore welcomes the Commission's proposal for a binding obligation for member states to make available information on beneficiaries of EU funds under shared management.



While this is a welcome direction, the Green 10 also believes that the ETI should logically also bring about improvement in the Commission's own transparency in EU funding. The Commission has its own share of responsibility for the EU expenditure and it is accountable to the European taxpayers.



This applies to the structural and cohesion funds as well as to the agriculture and fisheries subsidies.



A special area in urgent need of improvement is transparency in the funding of major projects through the EU's cohesion policy, which is not mentioned in the Green Paper. Although the major projects are the single biggest investments from the EU budget, decided about directly by the Commission, the Commission currently does not publish information about them on its website, in stark contrast with other funders such as the European Investment Bank.



The text below provides detailed recommendations on improving transparency in major projects<sup>1</sup>, structural and cohesion funds and agriculture and fisheries subsidies.

## **2. Transparency in decision-making about major projects under Structural and Cohesion funds**

In the 2007-2013 period, an unprecedented amount of EUR 308 billion will be invested via the cohesion policy. While the management of the funds will be increasingly decentralised to the member states, the European Commission will have the authority to single-handedly approve or reject *major projects* – i.e. operations that cost above EUR 25 million (in the environmental sector) or EUR 50 million (in the transport and other sectors). According to the regulation on the Structural and Cohesion funds, the Commission has three months to approve or reject applications for the funding of major projects submitted by a member state. The realisation of some 525 EU-funded major projects is foreseen in the new member states alone.

The major projects are the single biggest investments from the EU budget. Online publishing of information about major projects prior to decision on their financing is a common practice among public funding bodies, including the European Investment Bank (see: <http://www.eib.org/projects/pipeline>). The European Commission is a regrettable exception.

Currently, the approved major projects can only be seen *ex post* in the Commission's annual reports on Structural and Cohesion funds, which appear very late (e.g. the currently last available report is for the year 2004, which appeared only in November 2005).

There is no reason why the transparency standards of the European Commission should be lower than those of the EIB.

It is also not enough to leave responsibility for disclosure of information on major projects to the member states. The Commission should directly publish the information on its own website because the financing with EU taxpayers' money makes the major projects relevant for all EU citizens irrespective of nationality. It is the Commission who makes the final decision on the funding of major projects, not the member states.

Therefore, we propose that the following element is added to the European Transparency Initiative:

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<sup>1</sup> The section on major projects is the same as the separate contribution on 'Improving transparency in EU funding of major projects' submitted by a group of 41 NGOs.

**The timely publication of online information on major projects submitted to the Commission for funding support.** DG Regio should set up a webpage with an online list of major projects based on the example of the similar EIB webpage (<http://www.eib.org/projects/pipeline>). New major projects should be added to the online list as soon as possible after the Commission receives an application for funding from a member state and *before* the Commission decision on their financing. The webpage should go beyond the EIB practice by also including direct access to project documentation (the application, feasibility study, cost-benefit analysis, EIA, etc.) and an expected date for the Commission decision on funding of the project. The webpage should also enable the submission of comments regarding such projects, directed to the relevant departments. See an idea for such a webpage in the annex.

DG Regional Policy has recently rejected such request of CEE Bankwatch Network and Friends of the Earth Europe with the following argument: "The online information system you propose would make it more difficult to keep to [the three-month] deadlines and would also be misleading for the European citizen."<sup>2</sup>

We believe this argument is not valid as the EIB is operating a similar webpage without problems. We also believe that the public interest in the routine disclosure of such information significantly overrides the small administrative costs of running such a webpage.

### **Transparency of JASPERS**

The Commission's involvement in the major projects is not limited to the final decision. With the new JASPERS instrument providing technical assistance for the preparation of major projects to the member states, the Commission will (together with EIB and EBRD) be increasingly involved in the planning of many major projects from an early stage. However, it is impossible to find timely information about the projects assisted by JASPERS throughout the EU. This information is in national annual plans agreed between the Member States and JASPERS. To a recent inquiry, the EIB has responded that "the decision whether to make action plans publicly available remains with the Beneficiary States concerned."<sup>3</sup> To ensure a minimum transparency in the workings of JASPERS, we believe that all the plans need to be published on one website (of the European Commission or the EIB). Once again, the issue cannot be left only to the member states, as the major projects concern all European citizens.

Therefore, we propose that the following element is added to the European Transparency Initiative:

**Online publication of the annual JASPERS action plans** of all involved member states as soon as possible after their approval on the website of DG Regio or the EIB. The website should also enable citizens to provide the JASPERS agency with comments on the plans.

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<sup>2</sup> Letter from Mr. Graham Meadows, director-general for regional policy to CEE Bankwatch Network and Friends of the Earth Europe of 23 June 2006.

<sup>3</sup> Email from the European Investment Bank of 22 June 2006.

## Seven reasons for improved transparency in EU funding of major projects

- 1) Transparent decision-making in this area is a legitimate right of European citizens, given the **high costs of such major projects for EU taxpayers** and their often significant social and environmental impacts. With the cost of each project above EUR 25 million, these are the **single biggest investments from the EU budget**. Moreover, the submitted documents such as cost-benefit analyses are themselves prepared with public funds.
- 2) Access to information is all the more important **for citizens living in the direct vicinity** of such projects. Currently they often do not have any information on whether the EC will make a decision on a given project and about the proposals it received from the national government.
- 3) The **Commission and its relevant departments will benefit** from a variety of sources of information on the submitted projects, which will enable them to make better, well-informed decisions.
- 4) **Regulation 1049/2001** on public access to EU information, whose purpose is to *"give the fullest possible effect to the right of public access to documents [...]"*, also states in article 12 that: *"The [EU] institutions shall as far as possible make documents directly accessible to the public in electronic form..."*.
- 5) The Green Paper on the **European Transparency Initiative** goes further in this direction by proposing a mandatory disclosure of data on beneficiaries of EU funds in the member states. Logically, the Commission should also improve its own transparency in decision-making about major projects.
- 6) Online publishing of information about major projects is a **common practice** among public funding donors, including the **European Investment Bank** (see: <http://www.eib.org/projects/pipeline>). The European Commission is a regrettable exception.
- 7) It is **not enough to leave responsibility for disclosure to the member states**. Applications to EC for major projects are only rarely disclosed in member states. In any event, the Commission should directly publish all relevant information on its own website because the financing with EU taxpayers' money makes the major projects relevant for all EU citizens irrespective of nationality. It is the Commission who makes the final decision on the funding of major projects, not the member states.

## 3. Structural and Cohesion funds – disclosure of beneficiaries and information on expenditure

Currently, only some member states publish basic data on approved projects and beneficiaries of structural funds on the internet – and usually not for all operational programmes. Information about projects under different operational programmes is usually located at different websites, with different formats and levels of detail. Therefore, we agree that an obligation for member states to publish lists of all approved

projects and beneficiaries of structural funds is needed. Common standards for publication of such data also need to be set.

While an obligation for member states to disclose projects and beneficiaries is important, it is not sufficient. Structural funds also suffer from a lack of overall transparency in the expenditure. There is little clarity about how much money is actually being used for what types of activities. For the 2007-2013 period, the Commission has prepared a new categorisation system for structural funds assistance based on which it will receive standardized information about expenditure in the member states. This is an important step forward but it must be ensured that the information collected by the Commission is routinely published on its website in a user-friendly form.

#### Recommendations:

1) The Member States should be obliged to publish lists of all approved projects as well as of all submitted applications under all operational programmes based on Commission prescribed standards in a user friendly and accessible format.

For each approved project, the following information should be included:

- beneficiary
- project title
- short description (very important!)
- date of approval
- approved funding amount
- expected date of project realization

2) The Commission should start routinely publishing online information about structural funds expenditure in all member states based on its new categorization system in the form of user-friendly tables and charts. The information should clearly show to European citizens how much money is invested in different categories of activities for different types of beneficiaries in different member states over different time periods. The website should also include links to the member states websites where all detailed information can be found.

## **4. Agriculture and fisheries subsidies**

Data on CAP beneficiaries which have been disclosed in some member states, often following long legal struggles, are of a varying quality, differ in structure and detail, and at the moment do not allow for a comparative analysis between member states. The

information available should make it clear what amount a certain farmer or other beneficiary has received, over which period and under which scheme. It is also important that the payment can be traced back to a specific piece of land for which it is given, i.e linked to a geographic location. Location information should include street, postal code, municipality and region – following the Nomenclature of Territorial Units for Statistics (NUTS) and Local Administrative Units (LAU) geocode standards. Agricultural payments are often given for the public benefits a farmer provides with his farming activities and it should be possible for the public to see to what extent these benefits are, or not, provided. Furthermore, there must be a unique ID for each recipient so it is possible to

match recipients from one data set to another, particularly over several years' worth of data. In order to ensure an EU wide consistency in type of data and quality, the Commission should produce a template which meets the information needs mentioned in the above.

In principle, the Member States are responsible for disclosing the information according to Commission prescribed standards in a user friendly and accessible format. However, the Commission should provide an overview of all CAP expenditure as well as links to the member states websites where all detailed information can be found.

Recommendations:

1) The Commission should produce a standard template which will ensure that member states produce as a minimum the following data in a user friendly format:

- beneficiary (name and unique ID)
- location information (street, postal code, municipality and region, geo-code of the area for which money is paid)
- amount received
- scheme under which money was received
- period over which money was received

Furthermore, both Commission and Member State must ensure that the datasets are regularly updated

2) The Commission should create a webpage with an overview of CAP expenditure based on the data from all member states, summarized in user-friendly tables and charts. The webpage should also include links to member state websites where detailed information about beneficiaries can be found.

**The Green 10 consists of the ten leading environmental non-governmental organisations (NGOs) active at EU level:**

**BirdLife International**, [www.birdlife.org](http://www.birdlife.org)

**CEE Bankwatch Network**, [www.bankwatch.org](http://www.bankwatch.org)

**Climate Action Network Europe**, [www.climnet.org](http://www.climnet.org)

**European Environmental Bureau**, [www.eeb.org](http://www.eeb.org)

**European Public Health Alliance – Environment Network**, [www.epha.org](http://www.epha.org)

**European Federation for Transport & Environment**, [www.transportenvironment.org](http://www.transportenvironment.org)

**Friends of the Earth Europe**, [www.foeeurope.org](http://www.foeeurope.org)

**Greenpeace European Unit**, [www.greenpeace.eu](http://www.greenpeace.eu)

**International Friends of Nature**, [www.nfi.at](http://www.nfi.at)

**WWF European Policy Office**, [www.panda.org](http://www.panda.org)

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