

**EUROPEAN NEIGHBOURHOOD AND PARTNERSHIP
INSTRUMENT (ENPI)**

REGIONAL STRATEGY PAPER (2007-2013)

AND

REGIONAL INDICATIVE PROGRAMME (2007-2010)

FOR

THE EURO-MEDITERRANEAN PARTNERSHIP



EUROMED

ENVIRONMENTAL PROGRAMME

A. CONTEXT AND JUSTIFICATION

Environmental problems do not respect borders, and a regional response is frequently required. For this reason, over recent years, the EC has provided considerable financing for cooperation in the Mediterranean on environmental issues including water management.

The European Neighbourhood Policy and the Euro-Mediterranean Barcelona Process both emphasise environmental protection as a key sector for cooperation:

- The Barcelona 10th Anniversary Summit called on the partners to implement the Mediterranean Strategy for Sustainable Development and adopt a road map for de-polluting the Mediterranean by 2020, with a view to tackling all the major sources of pollution including industrial emissions, municipal waste and particularly urban wastewater;
- The ENP Action Plans provide for the possible participation of partner countries in activities of the European Environment Agency, and support for the implementation of the Barcelona Convention on a regional basis;
- The EU Water Initiative, adopted at the World Summit on Sustainable Development (WSSD), is the EU contribution to the achievement of the water and sanitation Millennium Development Goals, within a context of an integrated approach to water resources management. It applies in particular to the Mediterranean region where water is a very scarce resource;
- NGO's are key actors in the development and implementation of the environmental policy, as a complement to government agencies. They and other stakeholders from the civil society can act where government agencies are unable or unwilling to intervene. However, NGO capacity is weak in the region and should be built up.

B. OBJECTIVE

Improve the quality of the environment in the Mediterranean partner countries, with particular emphasis on the challenges identified in Commission Communication COM (2006) 475.

C. EXPECTED OUTCOMES

- Adoption and implementation of the Horizon 2020 road map for the de-pollution of the Mediterranean, as adopted by the EMP Environment Ministers on 20 November 2006 in Cairo. Investment finance mobilised from a variety of sources for projects that address environmental threats;
- Integrated water management developed, in particular in transboundary basins resulting in an increased number of people served with safe drinking water and basic sanitation;
- Better implementation of the Barcelona Convention in synergy with EU policy;

- Implementation of the commitments in the ENP Action Plans related to involvement of Mediterranean in EEA actions, through development of regional activities;
- Enhanced availability and regular monitoring of environmental indicators;
- Local NGOs better equipped to participate in and influence environmental decision making and policy development;
- Greater public awareness of the need for environmental protection and the effects of failure to provide it.

D. PERFORMANCE INDICATORS

- Environmental data availability across the region in formats compatible with EU standards;
- Number of environmental pollution indicators that are monitored on a regular basis;
- Measured improvements in these environmental quality indicators, including reduction of prevalence of water-borne diseases and reduction of air pollution in major urban centres;
- Completion of a number of steps in the de-pollution roadmap, including the number of projects for which financing has been identified.

E. BRIEF DESCRIPTION OF THE PROGRAMME

De-pollution of the Mediterranean

One of the main Euro-Mediterranean environmental goals identified by the Barcelona Summit (2005) is to launch an initiative for the de-pollution of the Mediterranean sea. In a first phase, the main sources of pollution and measures that can be taken to diminish/eradicate these sources will be identified. In a second phase, finance will be mobilised to implement the plan. It is expected that most infrastructure investment requirements will be financed through loans, and assistance may be needed with project preparation to bring priority projects to the point where they can attract finance. These actions will need to be supplemented with region-wide capacity building measures to support the initiative (including in coastal area planning, urban management, information campaigns to raise the awareness of citizens/the private sector, initiatives to promote integration of environmental concerns into other sectors, etc.).

Collaboration with the European Environment Agency and the secretariat of the Barcelona Convention

In addition to the de-pollution initiative, Mediterranean partners will be encouraged to collaborate with the European Environment Agency (EEA), in line with the ENP Action Plans, participate in specific activities under the Barcelona Convention and implement the regional strategies developed under the Mediterranean Action Programme (MAP). This includes involvement in the implementation of the EU Marine Strategy and future Directive, once adopted.

Regional water initiative

This component will support activities related to the Mediterranean component of the EU Water Initiative, including integrated water resources management, transboundary river basin management and specific instruments dedicated to their implementation.

Capacity building and support to civil society actors

Under this component, activities will be pursued to develop regional networks and contacts, so that civil society can be strengthened through coherent approaches and sharing of best practice.

TECHNICAL ASSISTANCE AND RISK CAPITAL SUPPORT FOR FEMIP

A. CONTEXT AND JUSTIFICATION

In March 2002 the Council decided to establish a Euro-Mediterranean Facility to support investments in the Mediterranean partner economies (FEMIP). FEMIP became operational in October 2002 and is expected to increase the volume of EIB commitments in the region to around €2 billion per year by 2006. In November 2003 the Council endorsed a strategy to reinforce FEMIP, including through a special allocation for private sector risk sharing operations and the establishment of a multi-donor trust fund to supplement EC budget support. In October 2006, the Commission issued a communication to the Council as well as a Commission Staff working document, on the assessment of the FEMIP and future options. In this Communication the Commission proposes an envelope of €32 million per year in grant contributions to FEMIP and to use the reflows of risk capital and special loans from past operations estimated at €35 million per year. This would enable FEMIP to aim a volume of around €50 million per year in new risk capital operations and commit €20 million a year for technical assistance.

FEMIP's main objective is to promote private sector development in the region. This requires a combination of the supply of appropriate financial instruments and reforms in the recipient economies to facilitate private sector development. Pending a reform of its statutes, the EIB is not yet in a position to take equity stakes in Mediterranean private enterprises. Risk capital financed from the MEDA budget helps it to circumvent this constraint. At the same time, the MEDA technical assistance facility contributes to upstream project design as well as to downstream project implementation, often within the context of a sectoral reform strategy.

B. OBJECTIVES

The overall objective of FEMIP is to promote sustainable economic growth in the region through investments in infrastructure and especially in private sector development.

The specific objectives of FEMIP are to enhance the supply of foreign and domestic financing mainly for private, but also for public, investments in the region. First of all

ANNEX I

REGIONAL SUPPORT ALLOCATION – FINANCIAL BREAKDOWN

Year in which commitments will be made under the programme

Programme heading / title	2007	2008	2009	2010	Million EUR
Global allocation ⁸	10	6,9	6,1	8,9	31,9
Political, Justice, Security and Migration Cooperation					
Confidence building measures: civil protection	4,4				4,4
Confidence building measures: partnership for peace	5	5		10	20
Justice, security and migration (JSM)			13		13
Policy analysis				8	8
Sustainable Economic Development					
Investment promotion and reform dynamisation to attract investments	6				6
Transport and energy cooperation		9	14		23
South - South regional economic integration			4		4
Environmental programme		9	9	15	33
Technical assistance and risk capital support for FEMIP	32	32	32	32	128
Development of the information society		5			5
Social Development and Cultural Exchanges					
Gender equality and civil society	8			8	16
Information and communication II	12			10	22
Euromed Youth			5		5
Dialogue between cultures and cultural heritage	17	7			24
TOTAL	94,4	73,9	83,1	91,9	343,3

⁸ The global allocation can be also used to ensure continuation of Horizon 2020 support measures in 2007 such as capacity building activities or studies of limited cost.