



COMMISSION OF THE EUROPEAN COMMUNITIES

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99/0020 (SYN)

Proposal for a

COUNCIL REGULATION (EC)

**on measures to promote the full integration of the environmental dimension in
the development process of developing countries**

(presented by the Commission)

Explanatory memorandum

The present proposal is seen as a crucial instrument to assist the Community in meeting its legal and political commitments to the protection of the environment in the context of sustainable development. It aims at ensuring the continuation of activities implemented under Council Regulation (EC) n° 722/97 of 22 April 1997¹, after its expiry on 31 December 1999. A new legal instrument is proposed, taking into account relevant developments within the Community and on the international environmental scene, as well as experience acquired during the implementation of the existing regulation.

The EC economic and development co-operation operates under clear commitments to environment protection and sustainability. In the Community context, articles 130 u and 130 r of the Treaty are of specific relevance. Article 130 u states that Community policy in the sphere of development cooperation shall foster the sustainable economic and social development of the developing countries. Article 130 r states that the Community shall promote measures at international level to deal with regional or worldwide environmental problems, and also that environmental protection requirements shall be integrated into the definition and implementation of other Community policies. The latter provision has gained weight during 1998, with the presentation of a Commission strategy for integrating environment into European Union policies and the conclusions of the Cardiff Summit.

On the international scene, Community commitments made at the United Nations Conference for Environment and Development (UNCED) at Rio in 1992, as well as subsequent developments are of particular relevance. The Community is party to Multilateral Environment Agreements, notably the Convention on Biological Diversity, the Framework Convention on Climate Change and the Convention to Combat Desertification, all of which entail specific obligations to assist developing parties meet their own commitments. In addition the Community has subscribed to the OECD/DAC's 'Shaping the 21st Century Strategy' which calls for the support for the implementation of national strategies for sustainable development in all countries by 2005.

The integration of the environmental dimension into the development process of developing countries is an important principle of the Community development cooperation policy. Environmental mainstreaming is a dynamic, gradual process. The proposed regulation will contribute to effective environment mainstreaming in the context of the activities funded by other (namely geographical) Community

¹ OJ N° L 108, 25.4.1997, p. 1.

instruments of development cooperation, thus ensuring the necessary complementarity.

The proposed regulation sets the framework for the management of budgetline B7-6200, the most specific financial instrument available to the EC in the context of implementing the above commitments. This instrument has evolved to finance essentially two types of activities:

- pilot schemes in developing countries, and
- the development of guidelines and operational instruments.

An independent evaluation on the environmental aspects of EC development cooperation was finalised in 1998. While confirming the usefulness of the above-mentioned dual approach, it stressed the need for further measures to promote the full integration of the environmental dimension into the overall EC cooperation with developing countries.

Achieving this calls for a strategic approach. This is why the present proposal, whilst keeping with the types of activities previously financed, emphasises their strategic context i.e. that all activities shall serve the purpose of elaborating and promoting policies, strategies, tools and technologies for the pursuit of sustainable development. In this context, lesson-learning and dissemination of the results of the activities carried out will be essential.

Under this overall framework, the activities financed may address a broad range of environmental issues, allowing for the necessary flexibility to respond adequately to new ideas and challenges.

Since environmental mainstreaming is a long-term commitment, it is suggested that the regulation be given an unlimited duration. Four years after the entry into force of this regulation, the Commission will submit to the European Parliament and to the Council an overall assessment of the operations financed together with suggestions concerning the future of this regulation. Meanwhile, the Commission will ensure regular assessments of the progress of operations.

In order to allow for the continued funding under budgetline B7-6200, the new regulation should be adopted as soon as possible and be applicable from January 1, 2000.

COUNCIL REGULATION (EC)

on measures to promote the full integration of the environmental dimension in the development process of developing countries

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 130s and 130w thereof,

Having regard to the proposal from the Commission²,

Having regard to the opinion of the Economic and Social Committee³,

Acting in accordance with the procedure referred to in Article 189c of the Treaty⁴,

(1) Whereas depletion of natural resources and environmental degradation have direct effects on economic development and especially on the livelihoods of local communities and thus counteract the alleviation of poverty through sustainable development;

(2) Whereas current patterns of production and consumption have undeniable transboundary and global consequences, in particular where the atmosphere, the hydrosphere, and biological diversity are concerned;

(3) Whereas the Community and its Member States are signatories to the Rio Declaration and the Agenda 21 action programme and are committed to the UNGASS Resolution " Programme for the further implementation of Agenda 21";

(4) Whereas the Community and its Member States are parties to Multi-lateral Environment Agreements, notably the Convention on Biological Diversity, the Framework Convention on Climate Change and the Convention to Combat Desertification; whereas they are thus committed to take into account the common but differentiated responsibilities of developed parties and developing parties on these subjects;

(5) Whereas it is important to integrate the internal and external aspects of the European Community's environment policy in order to have a coherent answer to the challenges identified in the United Nations Conference on Environment and Development (UNCED) and its follow-up processes;

(6) Whereas the Community and its Member States are committed to the OECD/DAC 'Shaping the 21st Century Strategy' which calls for the support for the implementation of national strategies for sustainable development in all countries by

2005, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015;

(7) Whereas the European Parliament and the Council adopted on 24 September 1998⁵ the review of the European Community programme of policy and action in relation to the environment and sustainable development 'Towards sustainability', calling for a strengthened role for the Community in international cooperation in environment and sustainable development;

(8) Whereas the European Council held in Cardiff in June 1998 welcomed the Commission Communication "Partnership for Integration"⁶ setting out a strategy for integrating environment into European Union policies and endorsed the principle that major policy proposals should be accompanied by the appraisal of their environmental impact ;

(9) Whereas the Council and the Member States adopted on 15 July 1996 a resolution on Environmental Assessment in Development Cooperation;

(10) Whereas sustainable development relies on the genuine integration of an environmental dimension into the development process;

(11) Whereas, since resources are limited, the creation of suitable policies, strategies and tools and the implementation of experimental schemes are essential elements for such integration in economic and development cooperation;

(12) Whereas the financial instruments available to the Community for sustainable development in developing countries could be usefully supplemented;

(13) Whereas Council Regulation (EC) n° 722/97 of 22 April 1997 on environmental measures in developing countries in the context of sustainable development⁷ set out the framework for Community assistance aimed at enabling developing countries to integrate the environmental dimension in their development process; whereas Regulation (EC) n° 722/97 was applicable until 31 December 1999; whereas the experience acquired during the implementation of Regulation (EC) n° 722/97 should be reflected in this regulation;

(14) Whereas measures need to be taken to finance the activities covered by this Regulation;

(15) Whereas detailed rules for implementation, and in particular the form of action, the recipients of the aid and the decision-making procedure should be laid down;

HAS ADOPTED THIS REGULATION:

⁵ Decision No 2179/98/EC. Official Journal of the European Communities 10.10.98 L 275/5.

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⁷ OJ N° L 108, 25.4.1997, p. 1.

Article 1

1. The Community shall provide financial assistance and technical expertise in order to support developing countries in their efforts to integrate the environmental dimension into their development process.

2. The assistance and expertise provided under this Regulation shall complement and reinforce those provided under other instruments of development cooperation.

They shall benefit the developing country stakeholders directly and indirectly through the strengthening of the environmental dimension of the Community economic and development cooperation, with a view to fully taking into account environmental considerations in Community policies and programmes.

Article 2

1. The activities to be carried out under this Regulation shall serve the purpose of elaborating and promoting policies, strategies, tools and technologies for the pursuit of sustainable development.

2. They shall address :

- global environmental issues, in particular those addressed by multilateral environmental agreements, such as climate change, desertification and biological diversity;
- transboundary environmental issues, in particular air and water pollution;
- environmental impacts related to the integration of developing countries into the world economy;
- environmental impacts of macro-economic and sectoral policies in developing countries;
- sustainable management and use of natural and environmental resources in all productive sectors of the economy;
- conservation of biological diversity, the sustainable use of its components, and the fair and equitable sharing of the benefits arising out of the utilisation of genetic resources;
- water-related issues;
- coastal zone management;
- desertification;
- urban environment problems relating *inter alia* to solid and liquid waste, air pollution and noise, and the quality of drinking water;
- sustainable production and use of energy;

- sustainable patterns of production and consumption ;

3. Activities eligible for financing include:

- pilot projects in the field including those involving environmentally-sound technologies adapted to local constraints and needs;
- schemes to build up the institutional and operational capacities of actors in the development process, i.e. government, NGOs, private sector, civil society, at national, regional and local level;
- the elaboration of policies, plans and strategies for sustainable development;
- the formulation of guidelines and operational manuals aimed at promoting sustainable development and environmental integration;
- support to the development and application of environment assessment tools in the preparation and implementation of policies, strategies, programmes and projects;
- inventory, accounting and statistical work, in order to improve environmental data and environmental indicators;
- raising awareness of local populations and key actors in the development process and development co-operation with regard to the implications of sustainable development, in particular through information campaigns and training;
- support to multilateral processes.

4. Particular attention will be given to:

- the linkage with the overall objective of poverty alleviation;
- local initiatives involving innovative measures aimed at sustainable development;
- active involvement and support of local populations, including indigenous communities;
- the specific role, knowledge, perspectives and contribution of women in the sustainable management and use of natural resources, based on gender analysis;
- the potential for integration into the wider context of Community development cooperation policies and programmes;
- the internalisation of environmental costs, including through economic instruments.

5. Lesson-learning and dissemination of the results of the activities carried out will be essential elements of implementing this regulation.

Article 3

Aid recipients and cooperation partners shall include not only States and regions but also international organizations, decentralised departments, regional bodies, public agencies, traditional and local communities, private operators and industries, including cooperatives and NGOs and associations representing local people.

Article 4

1. Community financing may cover studies, technical assistance, education, training or other services, supplies and works, small grant funds as well as appraisals, audits and evaluation and monitoring missions.

It may cover both investment, linked to a specific programme or project, with the exception of the purchase of buildings, and recurring expenditure (including administrative, maintenance and operating expenditure).

However, apart from training, education and research programmes, such expenditure may as a general rule be covered only during the start-up period and the cover shall decrease gradually.

2. A contribution from the partners defined in Article 3 shall be sought for each cooperation operation. Their contribution shall be requested according to their means and the nature of the operation concerned.

3. Opportunities may be sought for cofinancing with other donors, especially with Member States and the international organisations concerned. In this respect, a coordination with the measures taken by other donors shall be sought.

4. The necessary measures shall be taken to emphasise the Community character of the aid provided under this Regulation.

5. In order to attain the objectives of consistency and complementarity laid down in the Treaty and with the aim of guaranteeing optimum efficiency for the totality of these operations, the Commission may take all coordination measures necessary, including in particular:

- (a) the establishment of a system for the systematic exchange and analysis of information on operations financed or being considered for financing by the Community and the Member States;
- (b) on-the-spot coordination of these operations by means of regular meetings and exchange of information between the representatives of the Commission and Member States in the beneficiary country, and the representatives of the beneficiary countries.

6. In order to obtain the greatest possible impact globally and nationally, the Commission, in liaison with the Member States, shall take any initiative necessary for ensuring proper coordination and close collaboration with the beneficiary countries

and the providers of funds and other international agencies involved, in particular those forming part of the United Nations system.

Article 5

Financial support under this Regulation shall take the form of grants.

Article 6

1. The Commission shall be responsible for appraising, deciding and administering operations covered by this Regulation according to the budgetary and other procedures in force, and in particular those laid down in the Financial Regulation applicable to the general budget of the European Communities.

2. Decisions relating to grants of more than EURO 2 million for individual operations financed under this Regulation shall be adopted under the procedure laid down in Article 7.

The Commission shall inform the Committee referred to in Article 7 succinctly of any financing decisions it intends to take with regard to projects and programmes of less than EURO 2 million in value. The information shall be made available not later than one week before the decision is taken.

3. The Commission shall be authorised to approve, without seeking the opinion of the Committee referred to in Article 7, any extra commitments needed for covering any expected or real cost overruns in connection with the operations, provided that the overrun or additional requirement is less than or equal to 20 % of the initial commitment fixed by the financing decision.

4. All financing agreements or contracts concluded under this Regulation shall provide for the Commission and the Court of Auditors to conduct on-the-spot checks according to the usual procedures laid down by the Commission under the rules in force, in particular those of the Financial Regulation applicable to the general budget of the European Communities.

5. Where operations are the subject of financing agreements between the Community and the recipient country, such agreements shall stipulate that the payment of taxes, duties or any other charges is not to be covered by the Community.

6. Participation in invitations to tender and the award of contracts shall be open on equal terms to all natural and legal persons of the Member States and of the recipient country. It may be extended to other developing countries.

7. Supplies shall originate in the Member States, the recipient country or other developing countries. In exceptional cases, where circumstances warrant, supplies may originate elsewhere.

8. Particular attention will be given to:

- the pursuit of cost-effectiveness and sustainable impact of activities;

- the clear definition and monitoring of objectives and indicators of achievement for all activities.

Article 7

1. The representative of the Commission shall be assisted by the geographically-determined Committee competent for development.
2. The representative of the Commission shall submit to the committee a draft of the measures of a general nature to be taken. The committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter, if necessary by taking a vote.

The opinion shall be recorded in the minutes; in addition each Member State shall have the right to ask to have its position recorded in the minutes.

The Commission shall take the utmost account of the opinion delivered by the committee. It shall inform the committee of the extent to which its opinion has been taken into account.

Article 8

An exchange of views shall take place once a year on the basis of a presentation by the representative of the Commission of the general guidelines for the operations to be carried out in the year ahead, in the framework of a joint meeting of the committees referred to in Article 7 (1).

Article 9

1. After each budget year, the Commission shall submit an annual report to the European Parliament and the Council, summarising the operations financed in the course of that year and evaluating the implementation of this Regulation over that period.

The summary shall in particular provide information about the nature and quantity of the projects financed and about those with whom contracts have been concluded. The report shall also indicate the number of external assessments carried out, if any, regarding specific activities.

2. The Commission shall regularly assess operations financed by the Community with a view to establishing whether the objectives aimed at by those operations have been achieved and to providing guidelines for improving the effectiveness of future operations. The Commission shall submit to the Committee referred to in Article 7 a summary of the assessments made which may, if appropriate, be examined by the Committee. The assessment reports shall be available to any Member States requesting them.

3. The Commission shall inform the Member States, at the latest one month after its decision, of the operations and projects that have been approved, stating their cost and nature, the recipient country and partners.

4. The financial guide specifying the guidelines and criteria applicable to the selection of projects shall be published and communicated to the interested parties by the Commission offices including Commission delegations in beneficiary countries.

Article 10

1. This Regulation shall enter into force on the third day following that of its publication in the Official Journal of the European Communities.

2. Four years after the entry into force of this regulation, the Commission shall submit to the European Parliament and to the Council an overall assessment of the operations financed by the Community under this regulation, together with suggestions concerning the future of this regulation.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done in

For the Council

The President

FINANCIAL STATEMENT

Heading: B7-6200 "Environment in the Developing Countries"

1. Title of Operation:

Integration of the environmental dimension in the development process of developing countries

2. Budget heading involved

B7-6200

3. Legal basis:

Treaty on European Union, Articles 130 w (Development) and 130s (Environment).

4. Description of operation

4.1. General objective

The appropriation in budget heading B7-6200 is intended to finance schemes aimed at supporting developing countries in their efforts to integrate the environmental dimension into their development process.

The assistance and expertise provided shall complement and reinforce those provided under other instruments of development cooperation.

They shall benefit the developing country stakeholders directly and indirectly through the strengthening of the environmental dimension of the Community economic and development cooperation, with a view to fully taking into account environmental considerations in Community policies and programmes.

The activities to be carried out shall serve the purpose of elaborating and promoting policies, strategies, tools and technologies for the pursuit of sustainable development.

They shall address :

- global environmental issues;
- transboundary environmental issues, in particular air and water pollution;
- environmental impacts related to the integration of developing countries into the world economy;
- environmental impacts of macro-economic and sectoral policies in developing countries;

- sustainable management and use of natural and environmental resources in all productive sectors of the economy;
- conservation of biological diversity;
- water-related issues;
- coastal zone management;
- desertification;
- urban environment problems;
- sustainable production and use of energy;
- sustainable patterns of production and consumption ;

4.2 Period covered and arrangements for renewal or extension

Since environmental mainstreaming is a long-term commitment, it is suggested that the regulation be given an unlimited duration.

5. Classification of expenditure

Non-compulsory expenditure/differentiated appropriations

6. Type of expenditure

Grants covering up to 100% of costs. However,

- a systematic effort will be made to obtain a contribution, particularly a financial one, from the project beneficiaries
- cofinancing arrangements with Member States and multilateral organisations will be investigated

7. Financial impact

7.1 Method of calculating total cost of operation

The average amount of the EC contribution for the pilot schemes implemented in the framework of this operation will be in excess of EURO 500.000 based on the following costs:

- Services provided : (unit price)
- supply of equipment : (cost price)
- operating expenditure : (total price)

The development of guidelines and operational instruments includes expenditure such as remuneration and travel costs of experts, costs for training and information activities, thematic and follow-up studies, expenditure linked to dissemination and publication.

7.2 Itemised breakdown of costs

The distribution between eligible geographical regions may vary according to demand and/or priority.

INDICATIVE BREAKDOWN	1998	1999
Guidelines and instruments	5 MECU	7 MEURO
Pilot schemes	10 MECU	9 MEURO
Total	15 MECU	16 MEURO

7.3 Indicative schedule by theme in 1999

The following indicative distribution between eligible themes will vary according to priorities set out in the general guidelines for the operations to be carried out in the year ahead.

THEMES	%
Global and transboundary issues, desertification	20
Impact of macro-economic and sectoral policies	15
Sustainable management, production and consumption	15
Water related issues and coastal zone management	15
Conservation of biological diversity	15
Urban environment problems	20

7.4 Indicative schedule of commitment appropriations (EURO million)

	1998	DB 1999
B7 - 6200	15	16

8. Fraud prevention measures

Technical control by Commission officials, assisted by independent experts.

The Commission, prior to payment, verifies the grants and the receipt of services and preparatory studies, feasibility studies and evaluation reports requested, taking into account contractual obligations and applying recognised principles of economics and sound financial/general management.

Fraud prevention measures (audits, submission of reports, etc.) are included in all agreements or contracts concluded between the Commission and payment recipients.

9. Elements of cost-effectiveness analysis

9.1. Specific and quantified objectives; targeted population

Specific objectives:

The activities to be carried out shall serve the purpose of elaborating and promoting policies, strategies, tools and technologies for the pursuit of sustainable development.

Activities will include:

- pilot projects in the field;
- capacity building schemes;
- the elaboration of policies, plans and strategies for sustainable development;
- the formulation of guidelines and operational manuals;
- support to the development and application of environment assessment;
- inventory, accounting and statistical work;
- awareness raising of local populations and key actors in the development process and development co-operation;
- support to multilateral processes.

Target group:

The assistance and expertise provided shall benefit developing country stakeholders directly and indirectly through the strengthening of the environmental dimension of the Community economic and development cooperation.

The end beneficiaries is people in developing countries, whilst the intermediary beneficiaries may include designers and administrators of development policies and programmes in the developing countries and within the Commission itself.

9.2 Grounds for the operation

a) Need for Community financial aid

The present proposal is seen as a crucial instrument to assist the Community in meeting its legal and political commitments to environment protection and sustainable development. It aims at ensuring the continuation of activities implemented under Council Regulation (EC) n° 722/97 of 22 April 1997⁸, after its expiry on 31 December 1999. The new legal instrument takes into account relevant developments within the Community and on the international environmental scene, as well as experience acquired during the implementation of the existing regulation.

The EC economic and development co-operation operates under clear commitments to environmental protection and sustainability. In the Community context, articles 130 u and 130 r of the Treaty are of specific relevance.

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Achieving this calls for a strategic approach. This is why the present proposal, whilst keeping with the types of activities previously financed, emphasises their strategic context i.e. that all activities shall serve the purpose of elaborating and promoting policies, strategies, tools and technologies for the pursuit of sustainable development. In this context, lesson-learning and dissemination of the results of the activities carried out will be essential.

⁸ OJ N° L 108, 25.4.1997, p. 1.

b) Choice of ways and means

- by contract, by direct agreement (NGOs) or
- by contract, following invitation to tender (provision of services, equipment)

9.3 Monitoring and evaluation of the operation

- Monitoring and evaluation indicators are selected and applied in the case of each operation;
- Several progress reports are required during the course of the operation. In many case, the Commission delegations carry out monitoring on the spot.
- Specific evaluations of certain projects are undertaken
- An overall evaluation of operations financed will be carried out

9.4 Coherence with financial programming

9.4.1. Is the operation incorporated in the DG's financial programming for the relevant years?

Yes

9.4.2 To which broader objective defined in the DG's financial programming does the objective of the proposed operation correspond?

The objective of the operation falls within the policies set out in the Treaty on European Union, articles 130 u and 130s (Development cooperation and Environment).

10. Administrative expenditure

The actual mobilisation of the administrative resources required will depend on the annual Commission decision on the allocation of resources, taking into account any additional amounts or staff allowed by the budgetary authority.

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10.1 Impact on the number of posts

The officials required can be assigned from existing resources within Directorates General IB and VIII and the Common Service.

Type of post		Staff to be assigned to management of the operation		of which		Duration
		Permanent posts	Temporary posts	by using existing staff in the DG or service concerned	by recourse to additional staff	
Officials or temporary staff	A	1.5		1.5		
	B	2.25	0.35	2.6		
	C	1		1		
Other resources						
Total		4.75	0.35	5.10		

10.2 Overall financial impact of the additional staff

	Amounts	Method of calculation
Officials		The indicative cost of the existing human resources is estimated at EURO / year (5,10 officials at an estimated average cost of EURO / official / year).
Temporary staff		
Other resources (indicate budget heading)		
Total		

By using the existing resources necessary to manage the operation. Calculation based on A1, A2, A4, A5 and A7.

10.3 Increase in other operational expenditure resulting from the operation

The necessary resources are obtained by redeploying existing resources.

Budget heading (No and title)	Amounts	Method of calculation
Total		

The appropriations will be found in the envelope of DG IB and DG VIII.

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DOCUMENTS

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