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Proposal for a

COUNCIL REGULATION (EC)

**ON ENVIRONMENTAL MEASURES IN DEVELOPING  
COUNTRIES  
IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT**

(presented by the Commission)

## EXPLANATORY MEMORANDUM

### CONCERNING THE PROPOSAL FOR A COUNCIL REGULATION ON ENVIRONMENTAL MEASURES IN DEVELOPING COUNTRIES IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT

The proposal for a Regulation on environmental measures in developing countries (budget heading B7-5040) is aimed at implementing the principle of sustainable development and, accordingly, contributing to the integration of an environmental dimension into the development process in developing countries, thereby helping to improve living conditions for local people.

The measures to be carried out under this budget instrument fall clearly within the new Community and international context: Article 130u of the Treaty on European Union states that Community policy in the sphere of development cooperation "shall foster the sustainable economic and social development of the developing countries" while Article 130r states that one of the objectives of Community policy on the environment "shall be to contribute to promoting measures at international level to deal with regional or worldwide environmental problems".

These provisions form the basis for Community financing - in the context of its relations with the developing countries - of undertakings made by the Community, in particular at the Rio Conference. In the context of the United Nations Conference on Environment and Development (June 1992), the Community has put its name to the Biodiversity Convention, the Climate Change Convention, the Declaration on Forests, the Agenda 21 action programme and the Convention to combat Desertification.

As a major partner of the developing countries, the Community can play a role in helping them implement all the undertakings they have made by means of assistance provided in addition to that contributed by individual Member States or internationally, in particular via the Global Environment Facility.

The purpose of such assistance will be to help create the right conditions for the developing countries to make progress on sustainable development, in particular through:

- a strengthening of institutions and operational capacity at regional, national and local level;
- greater awareness of the need to improve the management of natural resources and protection of the environment; with a view to cultivating attitudes more receptive to this need, emphasis will be placed on the specific role and experience of local, especially indigenous population groups;
- better knowledge and awareness of the interaction between international trade and environmental protection constraints;

- wider acceptance of environmental technology by seeking to attract private investment and gain recognition for technology specific to developing countries, particularly in the sphere of agriculture.

The aim of Community action is thus to help developing countries resolve their own difficulties. To meet this challenge, the Community must, on the one hand, ensure that all the cooperation programmes carried out in partnership with developing countries are sensitive to the environment while at the same time achieving better social and economic conditions and, on the other, seek to maximize the capacity of existing budget instruments covering environmental cooperation, in particular financial and technical cooperation, to act as a catalyst.

The budget heading "Environment in the Developing Countries" is therefore designed:

1. to take account of the environmental dimension in development cooperation through training schemes and by studying the impact on the environment of Community cooperation projects;
2. to help developing country partners to acquire the necessary institutional capacity to draw up and implement better projects, taking particular account of initiatives proposed by local population groups which, by dint of their experience, have an awareness of environmental concerns;
3. to use these pilot projects to test and promote innovatory methods and approaches relevant, for example, to the urban environment, coastal/moisture-retentive ecosystems, or to situations in which typical North-South problems arise over compatibility between the environment and international trade rules (e.g. wood pulp and tropical forest products).

Programming of these activities will need to be tailored to individual geographical situations and priorities, with greater emphasis being placed on strengthening operational capacity (particularly in Latin America), conserving fragile ecosystems (in Asia and Africa) and combating pollution (in the Mediterranean and Asia).

At the end of each financial year, the Commission will present a report to Parliament and the Council describing the areas selected for priority assistance over the year and summarizing the projects financed. The report will also contain an evaluation of their implementation.





**PROPOSAL FOR A COUNCIL REGULATION NO ...  
OF ...**

**ON ENVIRONMENTAL MEASURES  
IN DEVELOPING COUNTRIES IN THE CONTEXT OF  
SUSTAINABLE DEVELOPMENT**

**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 Commission,

In cooperation with the European Parliament,

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

Convinced of the need to implement sustainable development by contributing to the genuine integration of an environmental dimension into the development process,

Whereas the creation of suitable instruments and the implementation of pilot schemes will be the cornerstones of that integration in all the fields concerned;

Taking account of the resolution adopted by the European Parliament on 14 May 1992 on the environment and development cooperation;

Whereas the Community and its Member States were signatories to the Rio declaration and the Agenda 21 action programme;

Whereas the Community and its Member States ratified the Convention on Biological Diversity and Climate Change, and have signed the Convention on Desertification and are thus committed to take into account the common but differing responsibilities from developed parties and developing parties on the subject;

Referring to the resolution of the Council and the representatives of the Member States of 1 February 1993 on a Community policy and action programme on the environment and sustainable development;

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 problems set out at UNCED, in particular the effects of global environmental changes on the state of the environment within the Community;

Whereas , in particular where climate change and the conservation of biological and genetic diversity and resources (including the seas, coasts and soils) are concerned, local effects have undeniable consequences for the whole earth and for future generations and consequently for the well-being, health and security of the citizens of the Community, notably as far as access to genetic resources is concerned;

Whereas the Community and its Member States signed the convention on combating desertification;

Whereas the financial instruments available to the Community for conservation and sustainable development could be usefully supplemented;

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

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,

## ADOPTS THIS REGULATION

### *Article 1*

The Community shall provide financial assistance and technical expertise for activities aimed at facilitating the integration of an environmental dimension into the sustainable development process in the developing countries.

### *Article 2*

1. The activities to be carried out under this Regulation shall centre on:
  - preserving biological diversity through the conservation of the ecosystems and habitats necessary to maintain the diversity of species and the survival of endangered species and by identifying and assessing biodiversity resources;
  - improving the environment, especially the urban environment, through management plans for waste, waste water and air pollution in the context of regional planning;
  - preserving coastal areas by reducing sources of pollution and supporting initiatives for the sustainable management of marine ecosystems;
  - applying and transferring technologies adapted to environmental constraints, particularly in the field of energy;
  - improving practices for soil conservation and management in livestock farming, forest protection and the fight against desertification;

- adapting production processes in developing countries and making economic operators aware of the environmental constraints that may have an impact on trade with developing countries (e.g. standards, labels, certification).
2. Projects eligible for financing include:
- pilot schemes in the field likely to contribute to sustainable development, environmental protection and long-term management of natural resources;
  - establishment of guidelines and instruments aimed at promoting sustainable development and environmental integration, particularly in the form of plans and programmes;
  - analysis (impact assessment) of the environmental effects of projects, programmes, strategies and policies in developing countries.
3. Particular attention will be given to:
- schemes to build up the institutions of developing countries at national, regional and local level;
  - the involvement of local people in identifying, planning and implementing projects.

#### *Article 3*

Aid recipients and cooperation partners shall include not only states and regions but also decentralized departments, regional bodies, public agencies, traditional and local communities, private operators and industries, including cooperatives and non-governmental organizations and associations representing local people.

#### *Article 4*

1. Community assistance in the implementation of the operations referred to in Article 2 shall include studies, technical assistance, training or other services, supplies and works, and evaluation and monitoring missions and audits.
2. According to the needs of the operations concerned, Community financing may cover both capital investment, other than the purchase of real estate, and operating costs in foreign or local currency. However, with the exception of training programmes, operating costs may normally be covered only during the start-up phase and on a degressive basis.



3. A systematic effort shall be made to obtain a contribution, and in particular a financial contribution, from the ultimate beneficiaries (countries, local communities, firms or others), according to their means and the nature of the operation concerned.
4. Opportunities shall be sought for cofinancing, in particular with the Member States or with multilateral, regional or other organizations. The requisite measures shall be taken to highlight the Community character of aid granted under this Regulation.
5. The Commission shall take all coordination measures necessary to maximize overall efficiency by enhancing the consistency and complementarity of operations financed by the Community and the Member States, and in particular:
  - (a) the setting-up of a standard system for exchanges of information on the operations financed or considered for financing by the Community and the Member States;
  - (b) on-the-spot coordination of operations through regular meetings and exchanges of information between the representatives of the Commission and the Member States in the recipient country.

#### *Article 5*

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

#### *Article 6*

1. The Commission shall be responsible for appraising, approving and managing operations covered by this Regulation in accordance with 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 ECU 2 million for individual operations financed under this Regulation and any changes resulting in an increase of more than 20% in the sum initially approved for such an operation shall be adopted under the procedure laid down in Article 7.
3. 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, and in particular those of the Financial Regulation applicable to the general budget of the European Communities.
4. 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.

5. Participation in invitations to tender and the award of contracts shall be open on equal terms to natural and legal persons of the Member States and of the recipient country. It may be extended to other developing countries.
6. Supplies shall originate in the Member States, the recipient country or other developing countries. In exceptional cases, where circumstances warrant, supplies may originate elsewhere.

#### *Article 7*

1. The Commission shall be assisted by an advisory committee made up of representatives from the Member States and chaired by a representative of the Commission, namely, depending on the recipient country or region:
  - in the case of the ACP countries, the EDF Committee set up by Article 21 of Internal Agreement 91/401/EEC on the financing and administration of Community aid under the fourth Lomé Convention, adopted on 16 July 1990 by the representatives of the Member States meeting with the Council;
  - in the case of the Mediterranean countries, the MED Committee set up by Article 6 of Council Regulation (EEC) No 1762/92 of 29 June 1992;
  - in the case of the Asian and Latin American countries, the ALA Committee set up by Article 15 of Council Regulation (EEC) No 443/92 of 25 February 1992.
2. The Commission representative shall submit to the committee a draft of the measures 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 opinion delivered by the committee. It shall inform the committee of the manner in which its opinion has been taken into account.

3. The committee shall meet once a year, during a joint meeting of the three committees mentioned in the first paragraph, to discuss general guidelines presented by the Commission representative for operations in the year ahead.

#### *Article 8*

At the end of each budget year, the Commission shall present a report to Parliament and the Council summarizing the operations financed in the course of that year and evaluating the implementation of this Regulation over that period.

The summary shall in particular contain information about those with whom contracts have been concluded.



The report shall also summarize any independent evaluations conducted of specific operations.

*Article 9*

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

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

Done at Brussels, ...

For the Council  
The President

## FINANCIAL STATEMENT

Heading: B7-5040 "Environment in the Developing Countries"

**1. Title of operation:**

Environment in the Developing Countries

**2. Budget heading involved:**

B7-5040

**3. Legal basis:**

- Treaty on European Union, Articles 130r and 130s (Environment) and 130u and 130w (Development)
- Proposal (June 1995) for a Council Regulation on environmental measures in the developing countries.

**4. Description of operation**

**4.1 General objective**

The appropriations in this budget heading are intended to finance schemes aimed at integrating an environmental dimension into the development process with a view to achieving sustainable economic and social development in developing countries, this to be accomplished through the initiation of new policies and the consequent generation of action programmes.

The instruments employed and projects undertaken will focus on:

- preservation of biological diversity
- improvement of the environment, particularly in urban areas, through the implementation of management plans concerning waste, waste water and air pollution, etc.
- preservation of coastal areas
- use of environment-friendly technologies in the energy sphere
- improvement of soil conservation methods and management.

**4.2 Period covered and arrangements for renewal or extension**

Pending adoption of the Regulation establishing the legal basis, the measures will be specific and renewable annually.

**5. Classification of expenditure**

Non-compulsory expenditure/Differentiated appropriations

**6. Type of expenditure**

Subsidy 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 organizations (regional or other) will be investigated.

## 7. Financial impact

### 7.1 Method of calculating total cost of operation

The average amount of the EC contribution to each measure included in this operation will be in excess of ECU 500 000 based on the following costs:

- Services provided (unit price)
- Supply of equipment (cost price)
- Operating expenditure (total price)

### 7.2 Itemised breakdown of cost

An equal distribution between eligible geographic regions is envisaged. This may vary according to demand and/or priorities.

(million ECU)

Breakdown	1995	1996
Instruments	3.3	4
Projects	9.9	11

### 7.3 Breakdown by Subject Area in 1995

Themes	%
Preservation of biological diversity - conservation of ecosystems	36.5
Management of urban environment: waste management	16.25
Management of urban environment: waste water management	17.5
Preservation of coastal areas	4
Soil conservation and management	18.75
Use of environmentally friendly technologies	7

### 7.3 Indicative schedule of commitment appropriations

(million ECU)

	1995	1996
B7-5040	13.2	15

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## 8. Fraud prevention measures

Technical checks by Commission officials, assisted by independent experts.

The Commission, prior to payment, verifies the subsidies and the receipt of services and preparatory studies, feasibility studies and evaluation reports requested, taking into account contractual obligations and applying recognized 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

(a) Support for governmental organizations and Community institutions in the decision-making process regarding integration of the environment into development cooperation policies and programmes. This support will involve the preparation of environmental impact studies, strategic policy positions and guidelines and the evaluation of policies and programmes as regards their suitability in the light of sustainable development objectives.

(b) Promotion of efficient and prudent management of natural resources as a means towards improving the social and economic living conditions of the local population in developing countries. In practice, this involves support for projects implemented either directly by local people (local communities, indigenous groups, NGOs, etc) or in the form of technical assistance. A financing guide was prepared in 1995 and distributed to potential partners; it explains the objectives sought and the procedures and criteria used.

Since 1994, an interdepartmental technical committee has assisted in the preselection of projects.

objectives (c) Types of actions financed which contribute to the general of the budget line:

#### **Preservation of biological diversity**

##### **Activities:**

- Protection and sustainable use of natural resources

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- Creation of decision-making tools, such as databases, action plans, research studies and seminars.

**-Improvement of the environment, in particular urban environment, through the implementation of management plans concerning waste, waste water and air pollution**

**Activity:**

Formulation and Implementation of a management plan for domestic, hospital and toxic waste in a capital city.

**Preservation of coastal zones**

**Activity:**

Creation of protected areas

**Improvement of conservation practices and soil management**

**Activities:**

- Demonstration projects on sustainable production techniques
- Actions in the area of prevention of soil degradation
- Environmental impact study on the effect of mining contamination.

**Use of environmentally friendly technologies**

**Activity:**

Information on the use of solar energy in the framework of sustainable development.

**9.2 Grounds for the operation**

**(a) Need for Community financial aid**

Budget heading B7-5040 was created in 1982 at the instigation of Parliament which, along with the Council, had stated frequently in resolutions the need to integrate the environment into development operations. This principle was incorporated in the declarations and conventions drawn up at the June 1992 Rio Conference (Agenda 21, Biodiversity Convention, Climate Change Convention, etc) and adopted by the Community.

The measures covered by heading B7-5040 are designed to facilitate the integration process through the creation of suitable instruments and the undertaking of pilot projects with a multiplier effect, compatible with larger-scale operations undertaken with ALA, MED or EDF financing.

The budget line aims at strengthening coherence and complementarity between the actions financed by the Community and the actions financed by Member States in the area of environment.

The results of pilot actions facilitate more important long term interventions in the areas concerned.

**(b) Choice of ways and means:**

by contract, directly (NGOs) or  
by contract, following invitation to tender (provision of services, equipment).

**9.3 Monitoring and evaluation of the operation**

- The logical framework exercise is integrated in the preparation, supervision and evaluation of projects.
- Monitoring and evaluation indicators are selected and applied in the case of each operation. A specific evaluation of certain projects is undertaken;
- Several interim reports are requested during the duration of these projects. In many cases the delegations of the European Commission ensure local supervision.
- An overall evaluation of operations financed since 1990 from this budget heading will be undertaken in 1995 together with the Evaluation Unit (DG VIII/A/2) in accordance with the "Logical Framework" approach. This evaluation will serve as a tool to confirm the indicators used in the evaluation and supervision of projects.

**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 development cooperation policy set out in the Treaty on European Union (Article 130u).

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# DOCUMENTS

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