

## A collection of 15 national flags of European countries, each with a large yellow star overlaid on it, arranged in a grid-like pattern on a dark blue background. The flags include: Greece, Spain, France, Croatia, Italy, Portugal, Hungary, Romania, Slovenia, Serbia, Armenia, Georgia, Bulgaria, Bosnia and Herzegovina, and North Macedonia. The stars are positioned centrally over each flag, creating a visual link between the national symbols and the European Union's emblem.



## Executive Summary

This Orientation Paper is a document of the Commission aimed at launching a discussion on the **Euro-Mediterranean Area Programme 2021-2027 (future MED 21-27)** with partner countries concerned. It does not represent the negotiating position of the European Commission, but is destined to provide ideas, options and orientations on the thematic focus of the future programme.

The guiding principles for drawing this Orientation Paper are the following<sup>1</sup>:

1. Coherence with **Macro-Regional Strategies & and Sea-Basin Strategy**: The future Euro-Mediterranean area programme is not destined to closely link to the European Strategy for Adriatic and Ionian Macroregional strategy (EUSAIR) or to the Western Mediterranean Sea basin strategy (WestMed), but it could contribute to the objectives of these strategies as far as possible.
2. The **Functional Area** principle: A functional area is generally characterized by interdependencies or links within territories, where functional connections either unite or isolate territories and areas influenced by them. For transnational cooperation, functionalities can be found from joint characteristics, joint challenges and development potentials and the need and potential to address them jointly with the aim of delivering tangible results. Transnational cooperation is reaching its full potential when there is a strong will to address those challenges jointly.
3. The **Thematic Concentration** principle: In view of the limited budgetary resources and the requirement to focus support in areas where EU funds can achieve the highest benefit, the programme should concentrate on thematic key areas where joint actions can have the biggest impact. In doing so, EU funds would focus on a limited set of objectives and policy areas, thus achieving the highest possible impact, in terms of efficiency of funding and result orientation.
4. This Orientation Paper should be considered alongside the paper on Cross-Border Cooperation in the Mediterranean area that have been produced by DG Regional and Urban Policy to prepare the future cross-border cooperation programmes both among Member States and with IPA countries (IPA-CBC programmes) in the region. Transnational cooperation programmes, even with limited resources, are playing a catalytic role to address transnational challenges, which often require significant resources. Moreover, given the importance and nature of the specific challenges and needs at both transnational and cross-border level, it is important to ensure coherence and complementarity. Therefore, it is essential to strengthen the coordination among all relevant programmes: transnational, cross-border cooperation (including IPA CBC), mainstream and IPA programmes. This coordination should take place during the whole life cycle of the programmes: from planning, to programming and implementation.
5. The European Commission recommends extending the geography in order to align it with the Mediterranean Sea Basin programme geography adding some hinterlands areas.

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<sup>1</sup> Standard text proposed for all TN programmes.

Based on these principles, the European Commission recommends concentrating the available ERDF contribution on:

**Policy Objective 1** (a smarter Europe by promoting innovative and smart economic transformation),

**Policy Objective 2** (First Main Pillar of the programme: a greener, low-carbon Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management):

As ecological functional areas mainly concern coastal and inland areas, the functional focus is primarily climate change and should concentrate on selected joint challenges that one single cooperation partner is unable to address alone. In a transnational perspective, for Hinterlands, the features related to the direct and side effects of climate change such as desertification (water reservoir empty, decreasing biodiversity, soil erosion and other extreme weather events and natural hazards (droughts, forest fires,...) and for maritime area the features related to 1. Marine ecosystem: Overfishing, habitat degradation and incidental catches pose serious threats to marine biodiversity. Uncontrolled and illegal coastal development leads to destruction of habitats. Invasive alien species from aquaculture and ballast water discharge also threaten the ecosystem and 2. Sea Pollution: Pollution of the sea originating from maritime transport activities and hydrocarbon exploration and exploitation, insufficient waste water treatment, ecologically-unsound aquaculture practices, marine litter are problems that can only be tackled at transnational level.

**Policy Objective 5** (a Europe closer to citizens by fostering the sustainable and integrated development of urban, rural and coastal areas and local initiatives), Clean Energy for EU Islands initiative could be supported in line with the PO 2 actions area, and on the:

**Interreg-specific objective** (a better Interreg governance), with a specific focus on coordination and capitalization between maritime Mediterranean INTERREG programmes especially on the projects implemented under the 3 other policy objectives. The **future Euro-MEDITERRANEAN area 21-27** may support the governance and the coordination with the WestMed initiative and the Union of the Mediterranean (UfM) as far as possible due to the different geography and issues related. A coordination mechanism with Adriatic and Ionian strategy (Steering Committee), WestMed strategy (Steering Committee), Cross border programmes, NDICI Mediterranean area 2021-2027 and regional programmes must be set up.

**Regarding the geography of the future EURO MED programme**, in order to reinforce the alignment with the Mediterranean Sea Basin programme NDICI 2021-2027 (ENI 2014-2020) and to reinforce the strong willingness to address specific challenges of Hinterlands areas jointly, especially in the South West Europe and in the Balkan-Mediterranean areas, a new extended geography is needed. Consequently, both two programmes (Balkan-Med and South West Europe) will be discontinued (see chapter Lesson learned). In return for these discontinuities, the proposal is to extend the current geography to the following Mediterranean Hinterlands areas: Extremadura (ES43), Castilla La Mancha (ES42), Comunidad de Madrid (ES30), La Rioja (ES23), Comunidad Foral de Navarra (ES22), Auvergne (FRK2), Limousin (FRI2), Yugozapaden (BG41), Yuzhen tsentralen (BG42), North Macedonia (IAP) and Andorra. Specific calls for projects could be also a solution to implement those actions in the hinterlands areas. Dedicated antenna located in East and West European area could be put in place for a better implementation on the ground of those specific calls for projects.

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## Annexe 1

## A. Introduction

1. This Orientation Paper sets out the key characteristics of the Mediterranean area covering a largely sea basin area but also hinterlands areas with land borders, which includes nine Member States and three non-EU countries. The participating countries are Greece, Spain, France, Croatia, Italy, Cyprus, Malta, Portugal, and Slovenia with the participation of Albania, Bosnia and Herzegovina as well as Montenegro.
2. This Paper<sup>2</sup> will serve as a basis for discussion between Member States, programme authorities and the European Commission on the Transnational Cooperation Programme for the Mediterranean Area 2021-2027 (**future MED 21-27**). It does not represent the negotiating position of the European Commission, but is destined to provide ideas, options and orientations on the thematic focus of the future programme. The paper relies on the profound analysis of relevant studies and other documents, and takes into account lessons learned from the previous and current programming periods 2007-2013 and 2014-2020.
3. According to the legislative proposal for European Territorial Cooperation in the 2021-2027 programming period<sup>3</sup>, the Commission will propose the geography of the programmes.
4. The coastal Mediterranean area and their surrounding land areas dominate the area of the programme. It is home to more than 122 million people (EU and IAP countries), who live and operate in one of the most important political areas in Europe connecting Europe to Africa and Asia, which is characterized by Latin, Arabic, Ottoman and Greek Culture heritages.
5. More than determined by topographic criteria, the Mediterranean area is rather a result of regions that identify with the Sea ("Mare Nostrum") and consider that a dialogue, cooperation or integration with neighbouring regions based on a shared Mediterranean identity is particularly relevant. Therefore, an institutional process was launched in 1995 in order to boost cooperation in the Mediterranean area: The Barcelona Process was launched in 1995 with the aim to strengthen relations between Europe and the Southern Mediterranean countries, in the framework of an enhanced Euro-Mediterranean association that contributes to achieve peace and security in the region.
6. The Union for the Mediterranean (UfM) was launched by a decision of the UfM Heads of State and Government in Paris in July 2008. The UfM Secretariat was created in Barcelona in 2010 serving as the operational institution that empowers the regional dialogue among the UfM Member States and stakeholders, fostering synergies and coordination among them and promoting regional projects and initiatives with a direct impact on the lives of the citizens. A second phase, since 2012, under the Co-Presidency of the European Union and Jordan, has witnessed a steady increase in the number of activities and partnerships, with more than 50 labelled projects. The need to strengthen cooperation was highlighted in the latest review of the EU's European Neighborhood Policy. Furthermore, during the second UfM Regional Forum, held in January 2017, Ministers of Foreign Affairs and

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<sup>2</sup> Orientations, geographical information, and thematic information is highlighted.

<sup>3</sup> Article 8 of Proposal for a Regulation COM(2018)374 of 29.5.2018.

representatives from the 43 Member States adopted the Roadmap “The Union for the Mediterranean: an action-driven organisation with a common ambition”

7. A functional area is generally characterized by interdependencies or links between territories, where functional connections either unite or isolate territories and areas influenced by them. For transnational cooperation, functionalities represent joint characteristics accompanied by joint challenges and development potentials.
8. In the case of the Mediterranean areas, sub-functional areas can be delimited geographically:
  - Council of 13-14 December 2012 requested the European Commission to present a new **EU Strategy for the Adriatic and Ionian Region (EUSAIR)** before the end of 2014. Building on the lessons learnt and experience from the EU Strategy for the Baltic Sea Region and the EU Strategy for the Danube Region, the Commission adopted on 17 June 2014 a Communication on the EU Strategy for the Adriatic and Ionian region, accompanied by an Action Plan. The Strategy incorporates the Maritime Strategy for the Adriatic and Ionian Seas, adopted by the Commission on 30 November 2012. The Strategy was endorsed by the General Affairs Council on 29 September) and subsequently by the European Council on 24 October 2014.
  - Likewise, the European Union Strategy for the Adriatic and Ionian Region identifies 4 main policy strategic pillars, which address the core challenges and opportunities identified as being of central importance for this ‘Macro-Region’. For each pillar, several topics are also highlighted, representing the main areas where the macro-regional strategy can contribute to improvements within the macro-region (EC, 2014):
    1. Blue Growth:
      - 1.1 - Blue technologies
      - 1.2 - Fisheries and aquaculture
      - 1.3 - Maritime and marine governance and services
    2. Connecting the Region
      - 2.1 - Maritime transport
      - 2.2 - Intermodal connections to the hinterland
      - 2.3 - Energy networks
    3. Environmental Quality
      - 3.1 - The marine environment
      - 3.2 - Transnational terrestrial habitats and biodiversity
    - 4 - Sustainable Tourism
      - 4.1 - Diversified tourism offer (products and services)
      - 4.2 - Sustainable and responsible tourism management (innovation and quality)

## Map 2: EUSAIR geography



### Other Maritime Initiative

- In 2015, the Union for the Mediterranean Ministerial Declaration on the Blue Economy invited the participating countries to explore the added value and feasibility of appropriate maritime strategies at sub-regional level, and build on the experience of the 5+5 Dialogue. In October 2016, the Foreign Affairs Ministers of Algeria, France, Italy, Libya, Malta, Mauritania, Morocco, Portugal, Spain and Tunisia encouraged further work on an initiative for the sustainable development of the blue economy, together with the Union for the Mediterranean Secretariat. The WestMED Initiative stems from that request and comprises a Communication and the accompanying Framework for Action, adopted by the Commission on 17 April 2017, which was endorsed by the Council conclusions on Blue Growth adopted on 26 June 2017 and by the Ministers of the ten participating countries on 30 November 2017, in Naples.
  - The Initiative is based on the Commission's long-standing experience with sea basin and macro-regional strategies<sup>4</sup> (such as the Atlantic Strategy, the EU Strategy for the Baltic Sea Region and the EU Strategy for the Adriatic and Ionian Region). It is also based on over two decades of work within the 5+5 Dialogue, which has created strong ties between the participating countries.
22. It also builds on (1) other EU policies linked to the region, such as the European Neighbourhood Policy Review priorities, (2) the regional dialogue taking place on Maritime Policy and the Blue Economy under the umbrella of the Union for the Mediterranean, (3) the cooperation on fisheries management and sustainable development of aquaculture, both within the framework of the General Fisheries Commission for the Mediterranean; and (4) the cooperation within the Barcelona convention for the protection of marine environment and coastal regions of the

<sup>4</sup> Report on the implementation of EU macro-regional strategies, COM(2019)21.

Mediterranean and the UN 2030 Agenda for Sustainable Development. The WestMED strategy focuses on three main goals and ten priorities as follows

1. A safer and more secure maritime space
  - 1.1 Cooperation between coastguards
  - 1.2 Maritime safety and response to marine pollution
2. A smart and resilient blue economy
  - 2.1 Strategic research and innovation
  - 2.2 Maritime clusters development
  - 2.3 Skills development and circulation
  - 2.4 Sustainable consumption and production (maritime transport, ports, maritime and coastal tourism, marine aquaculture)
3. Better Governance of the Sea
  - 3.1 Maritime spatial planning and coastal management
  - 3.2 Marine and maritime knowledge
  - 3.3 Biodiversity and marine habitat conservation
  - 3.4 Sustainable fisheries and coastal community development

### **Other programme**

The Mediterranean Sea Basin (ENI) Programme (2014-2020) involved territories from 19 countries (Algeria, Cyprus, Egypt, France, Greece, Israel, Italy, Jordan, Lebanon, Libya, Malta, Morocco, Palestine, Portugal, Spain, Syria, Tunisia, Turkey, and United Kingdom - Gibraltar). Being an area affected by generalised economic slowdown, this challenges macroeconomic stability in the near term. This can be seen by the serious job deficits across the area, which particularly affects the youth.

At the same time, this Mediterranean area faces a number of common environmental challenges and pressures: high population densities; overfishing and excessive exploitation of natural resources; the proliferation of marinas and tourist infrastructure; marine litter and untreated waste. Conversely, the exploration of renewable energies represents a natural competitive advantage for the Mediterranean area. In line with this territorial background, this strategic programme identified two main policy goals :

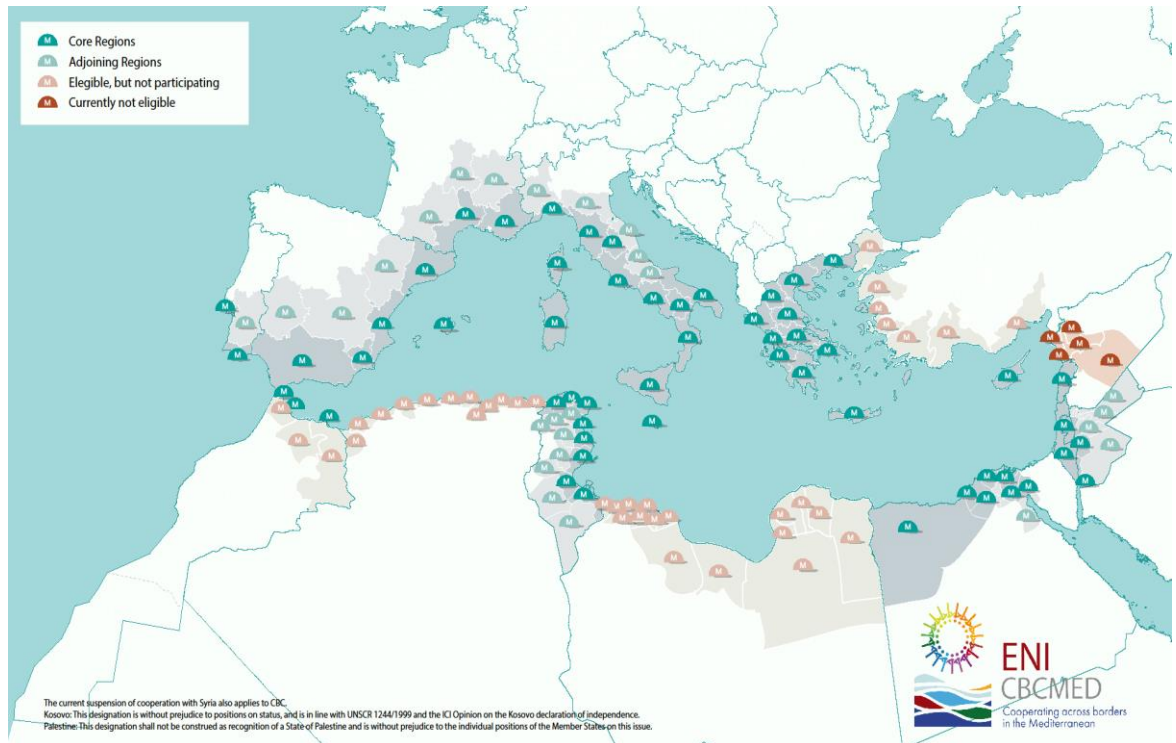
- A - Promote economic and social development;
  - B - Address common challenges in the environment.
- And four specific goals:
- A.1 - Business and SME development;
  - A.2 - Support to education, research, technological development and innovation;
  - A.3 - Promotion of social inclusion and the fight against poverty;
  - B.4 - Environmental protection, climate change adaptation and mitigation.

As seen, these goals are partially in line with the objectives of the MED INTERREG-B Programme 2014-20 priorities: (i) promoting innovation capacities to develop smart and sustainable growth; (ii) Fostering low carbon strategies and energy efficiency; (iii) Protecting and promoting the Mediterranean natural and cultural resources; and (iv) Enhancing the Mediterranean transnational governance.



Cooperation within the European-Mediterranean functional area is taking place on many different levels/settings, such as other CBC Interreg programmes, transnational cooperation programme (Interreg MED programme), IPA CBC programmes. Transnational cooperation is reaching its full potential where there is a strong will to address those challenges jointly. This is the case for the Euro- Mediterranean side due to the specific challenges affecting this area.

Map 1: ENI geography 2014-2020

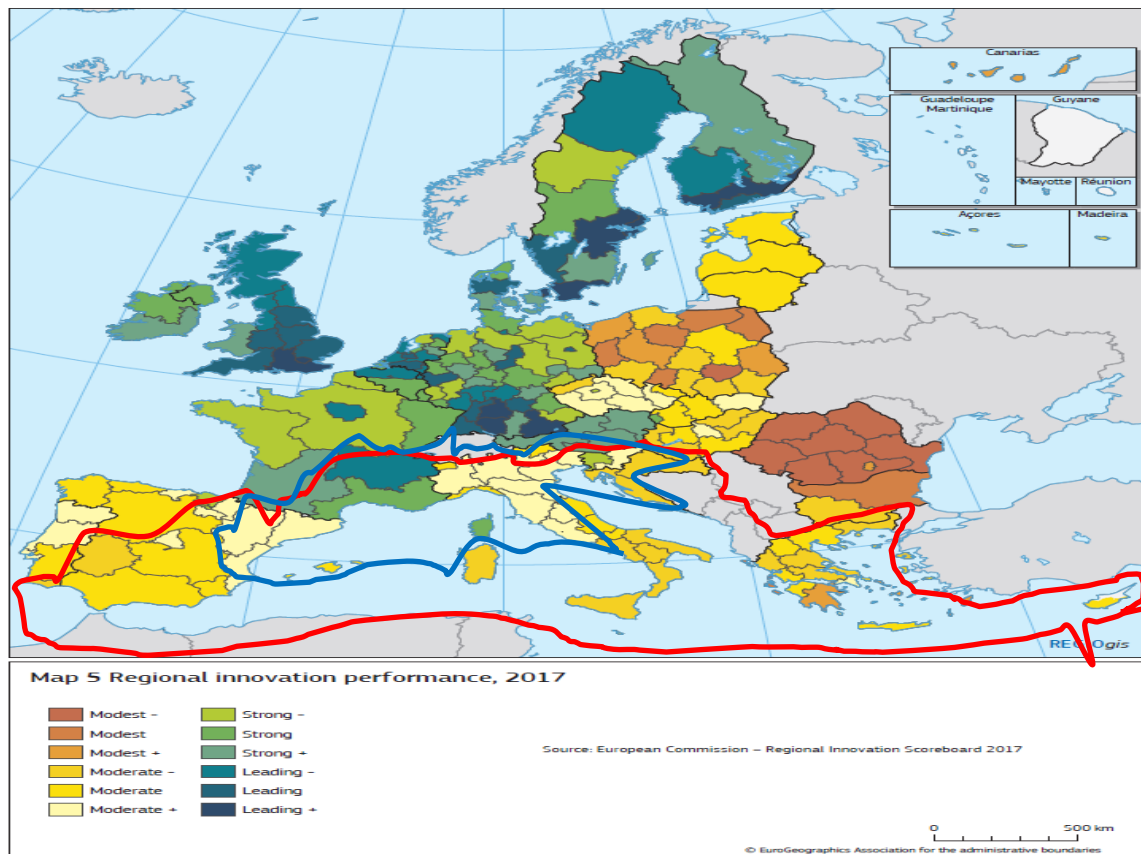


## B. Challenges and foundation of the Euro-Mediterranean functional area

### Innovation – Research and Development

9. While Indeed, based on updated evidence, presented in the latest EU Cohesion Report (2017) and ESPON Atlas (2014), a clear picture is drawn in which the MED INTERREG-B encompasses some of the less technologically developed regions in the EU, with the exception of regions located in West Europe (Strong or Moderate (Blue Circle): Catalonia, PACA, Languedoc-Roussillon, Midi-Pyrénées, Rhône-Alpes, North of Italy, Slovenia). This means that there is still justifiable to invest in technology, innovation level and skills in most MED regions, **at least in the regional programmes**, in order to enable economies to raise their levels of innovation and productivity performance, when developing goods and services. At transnational level, in absence of a common strategic framework, it would be more efficient to build scientists Community networking working on specific Mediterranean issues.

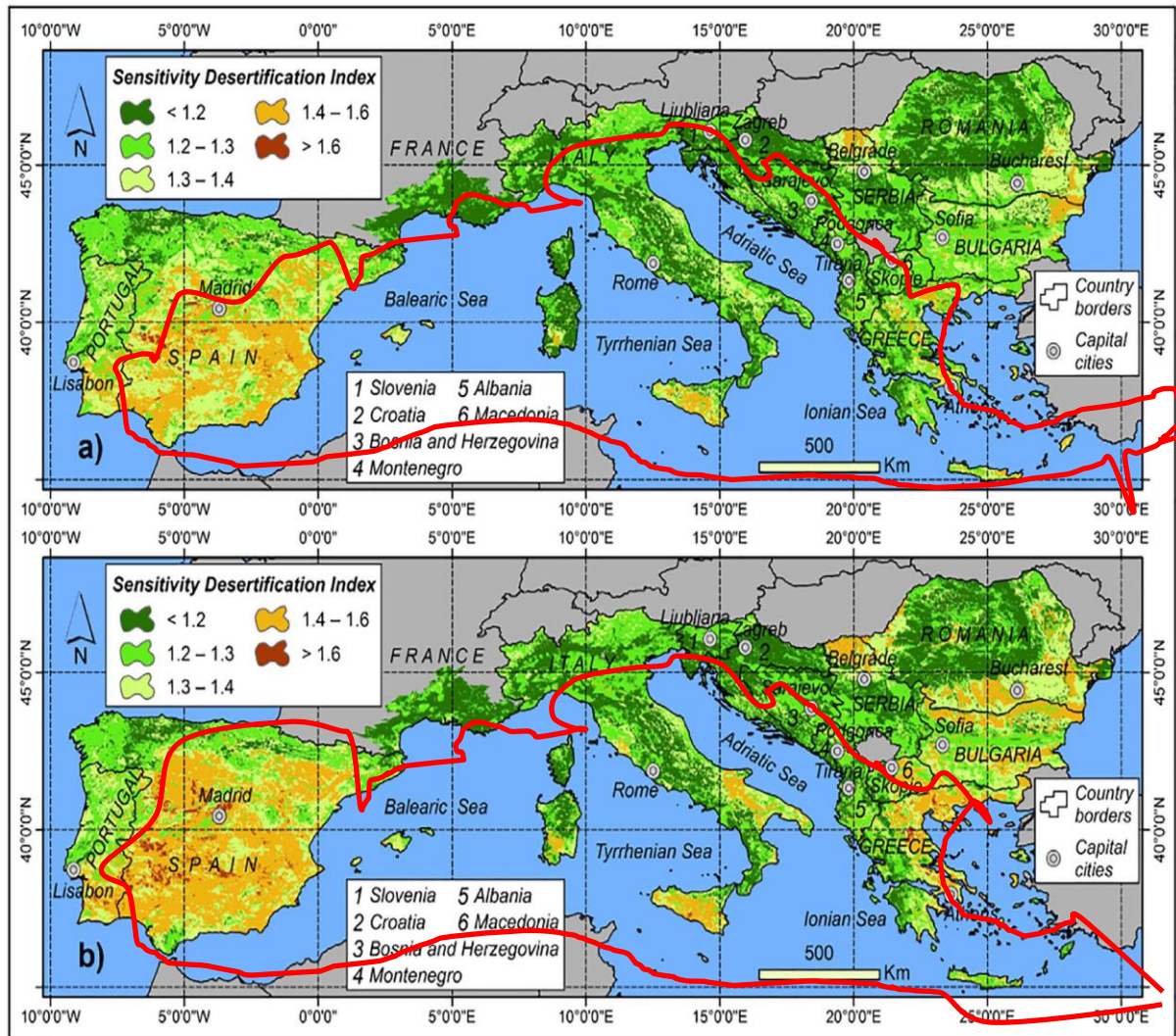
Map 3: Regional Innovation performance index, 2017 Source: EC, 2017 (7<sup>th</sup> Cohesion Report)



### Climate Change

Climate change topic is a real issue for this area. The EURO MED area is more vulnerable to climate change, and environmental protection needs to be given a high priority. Generally speaking, the Mediterranean countries are confronted with major problems including water stress, desertification, loss of biodiversity and extreme climatic conditions, such as floods and drought. Climate change will most probably aggravate these problems. One of the main impacts of climate change is on water, particularly in the way climate change is rapidly modifying the water cycle, bringing about a rise in evaporation and a reduction in rainfall levels and desertification as a direct consequence.

Map 4: Spatial representation of the 2008 Sensitivity Desertification Index (a) and improved (new) Sensitivity Desertification Index (b) with the new Climate Quality Index (2017)

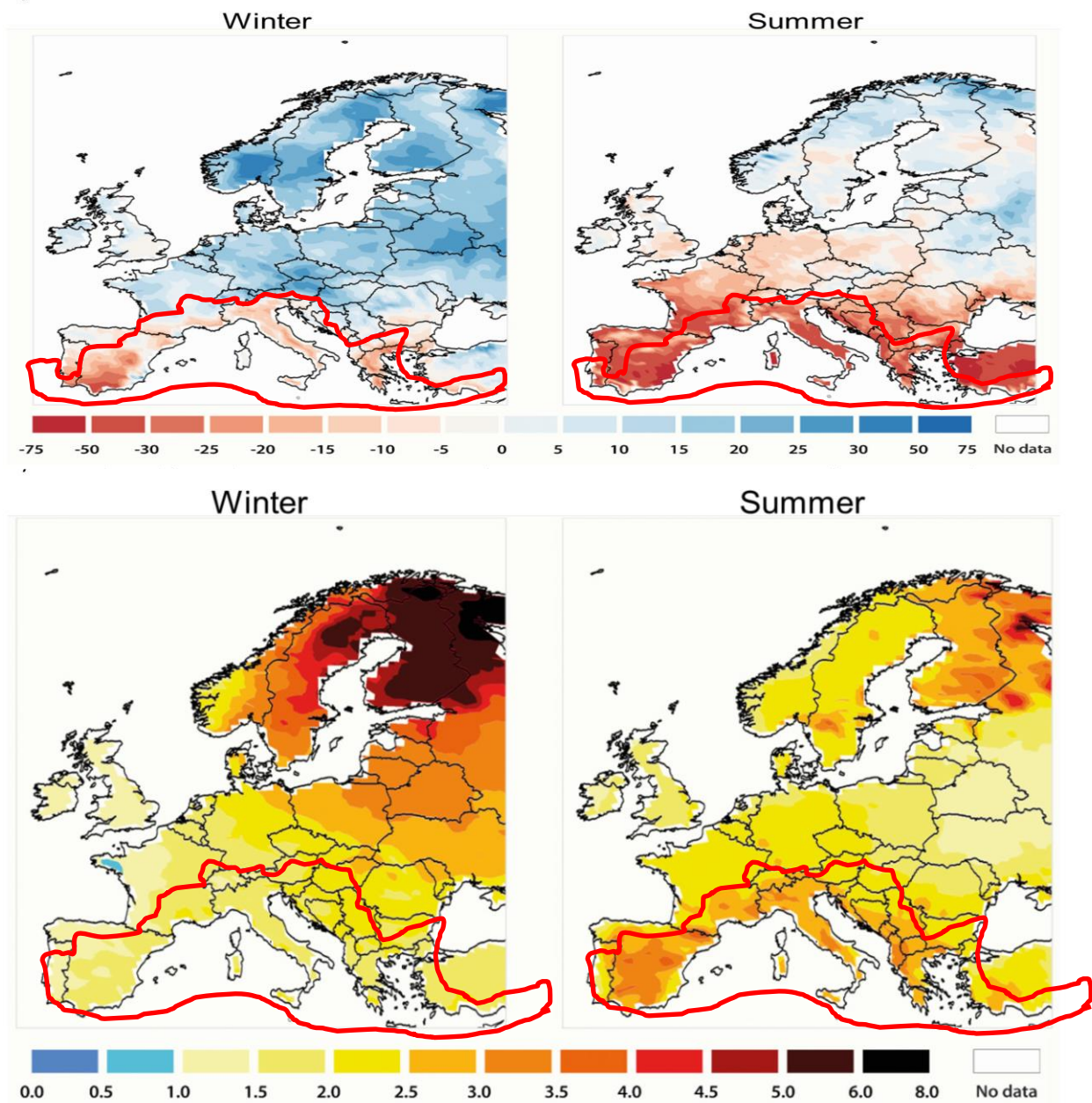


Even if the objective of the Paris Agreement is achieved – keeping the rise in global temperature this century well below 2°C – temperatures will increase by far more than 2°C in certain regions (see Maps 6). In the summer, temperatures could increase by an average of 3 to 4°C in most of Spain and in northern Scandinavia. Summer precipitation is expected to decrease by more than 50% on much of the EU’s Mediterranean coast.

In parallel, the frequency of extreme weather events such as droughts and floods will increase. Water shortages and higher temperatures, which increase evaporation, combined with soil erosion intensified by extreme weather events, increase the risk of desertification in Europe. Processes resulting in desertification occur extensively in Mediterranean and Central and Eastern European countries.



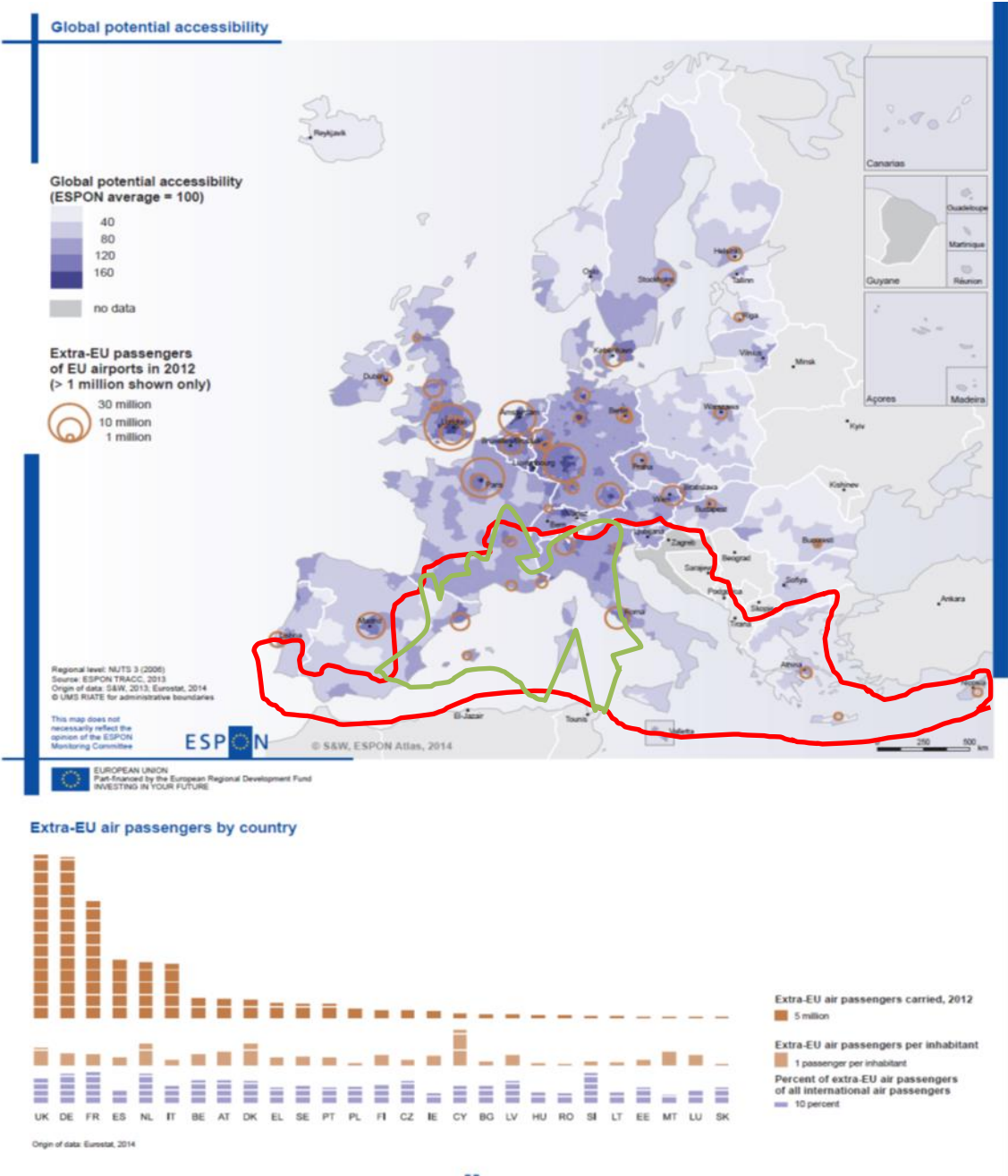
Map 5: Changes 1961-1990-estimation 2071-2100 in seasonal precipitation in % (First map) and Seasonal temperature change in Winter and Summer, in °C (Second map 2) (2°C global increase scenario), Source: Adapted from Climate Impacts in Europe, the JRC PESETA II project, 2014. Data from Dosio and Paruolo 2011 and Dosio et al, 2012.



# Connectivity

10. Both in transport and digital networks the MED territory presents a marked contrast, where Italian and French regions are included in the most develop group of EU regions in these indicators (see ESPON ATLAS, 2014: 52-55). From a transport global potential connectivity prism, the MED programme includes some of the most EU connected areas (Green Circle), whereas some Greek, Iberian, Croatian and South of Italy Italian regions still have a large potential to be improved.

11. Map 6: Global potential accessibility index



## Migration

12. This region is also particularly sensitive from a security perspective. The last updated statistics shows a slight increase on main migratory routes (illegal entries into the EU during the month of August 2019). .

Eastern Mediterranean: there were nearly 9 300 detections in August 2019 on the Eastern Mediterranean route accounting for nearly three-quarters of the total number of irregular migrants reaching Europe. This was double the figure from the same month of last year due to a large number of boats reaching the Greek islands in eastern Aegean, especially Lesbos, in late August. In the first eight months of this year, the total number of detections in this region was up 10% from a year ago to more than 38 300.

Western Mediterranean: The number of irregular migrants crossing the Western Mediterranean by sea in August dropped 43% from the previous month to around 1 600. The total for the January-August period stood at more than 14 800, around half the figure from the same period of last year.

Central Mediterranean: The number of migrants passing through the Central Mediterranean in August stood at nearly 1 400, 8% more than in the previous month. The total for the first eight months of the year reached nearly 6 600, slightly less than a third of the total from the same period of last year.

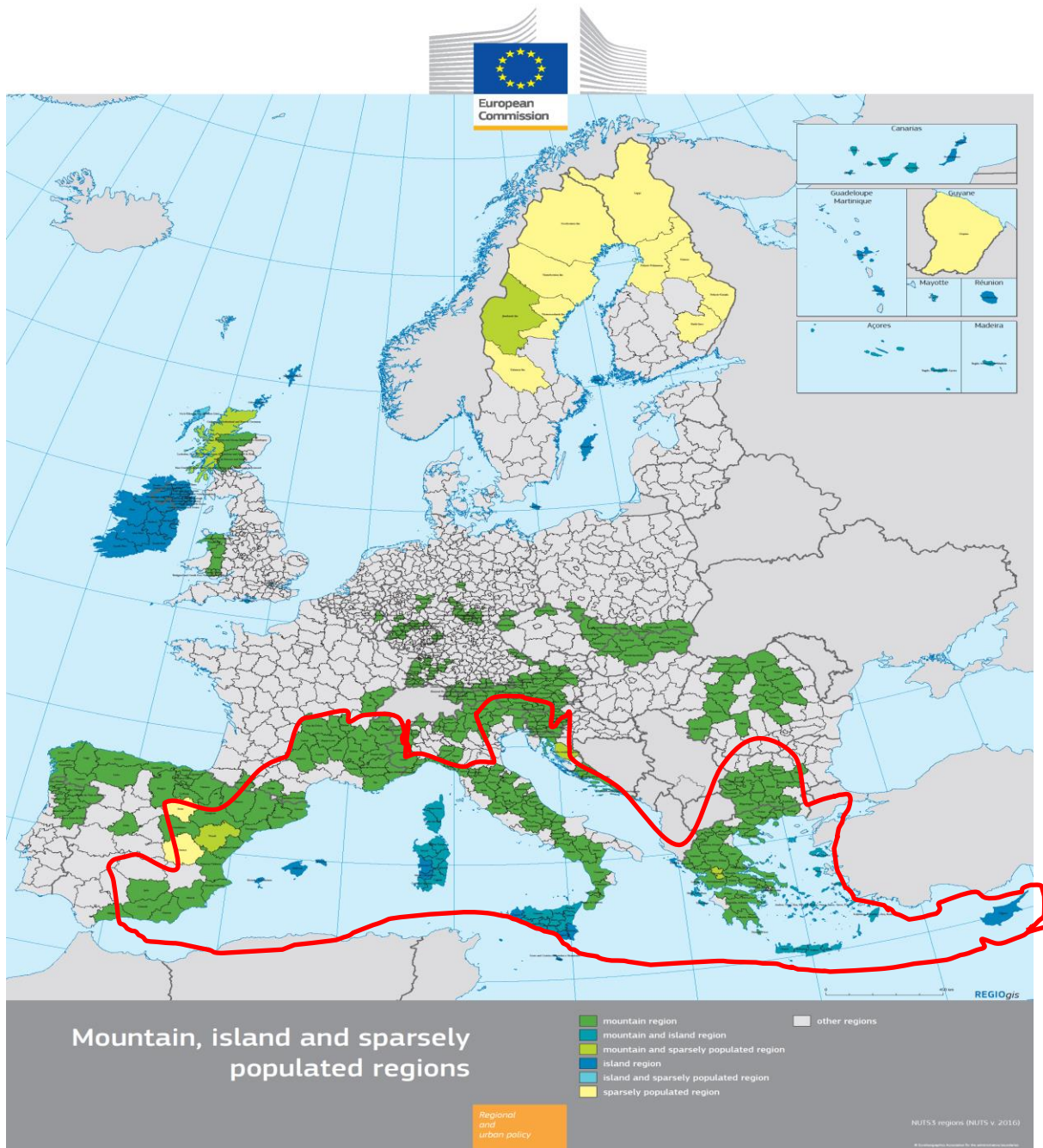
Western Balkans: There were nearly 400 detections of illegal border crossings recorded on this route in August. The total for the first eight months reached more than 6 600, 90% above the figure from a year ago.

13. Since the refugee crisis and migration control became a priority in 2015, numerous activities focusing on migration have been developed under the European Agenda for Migration. The Seahorse Mediterranean Network, the European and Mediterranean Coast Guard Functions Forums have also helped to improve cooperation between the countries involved.
14. However, initiatives and projects are still relatively scattered across the region, and law enforcement capacities, data availability, accessibility, processing and understanding are still dissimilar and fragmented between the two shores. Cooperation between EU Member States and southern partner countries need therefore to be strengthened to address those gaps by facilitating interoperability and data exchange, building capacity and improving real-time response to emergency situations. For those reasons, tackling migration issue shall be addressed in a larger political context with specific financial resources such as Asylum and Migration Fund (AMIF), Border Management and Visa Instrument (BMVI), and Internal Security Fund (ISF).

## Diversity of Territories

15. Though dominated by the Sea, the area is not at all homogeneous in its internal structure. It comprises Coastal areas, mountains and valleys with lowlands, major islands areas and South European main cities including their functional urban areas, and rural territories.(Map 8)

Map 8: Mountain, Island and sparsely populated regions





### **Lessons learned from previous programming periods:**

#### **MEDITERRANEAN AREA 2007-2013 Programme (MED 2007-2013)**

16. With an EU budget of EUR 199,197,726 (Contribution from ERDF: EUR 193,751,331 - Contribution from IAP I: EUR 5,446,395), the programme had 4 axis. An evaluation of the impact achieved by the 2007-2013 programme was based on projects. Each one of the 4 thematic Axis produced a distinctive overall result via projects it financed:

##### **AXIS 1/ INNOVATION : 66 projects**

Two principal results of this axis are synergies and networks of structures and clusters. Important production and transfer of knowledge has taken place firstly in the creative industries sector, but also in links between technological innovation and environment: waste and water treatment, agricultural industries, protection of costs.

##### **AXIS 2/ ENVIRONMENT : 53 projects**

The environment axis became the most thematically dedicated and focused axis of the programme. The bottom up process deemed not satisfactory, therefore, targeted and strategic projects were recalled to work on methodologies and action plans improving energy efficiency and the use of renewables, developing norms and practices particularly adapted to Mediterranean context. The targeted actions brought in a significant amount of new structures who never before had participated to the programme, contributing to build a critical mass of results.

##### **AXIS 3/ TRANSPORT : 20 projects**

Improvement of the quality of procedures and services of Mediterranean commercial ports addressing significant problems of these ports lagging behind with regards to North European ports, was the result of the contribution of networks of port authorities. In addition, port authorities were able to share systems between them which improved transparency of logistic chains and traceability of goods.

##### **AXIS 4/POLYCENTRIC TERRITORIAL DEVELOPMENT : 19 projects**

Development and consolidation of several institutional networks intending to improve territorial governance in the area. Via this contribution, putting in place the framework that will allow further improvement of Mediterranean governance during the period 2014-2020.

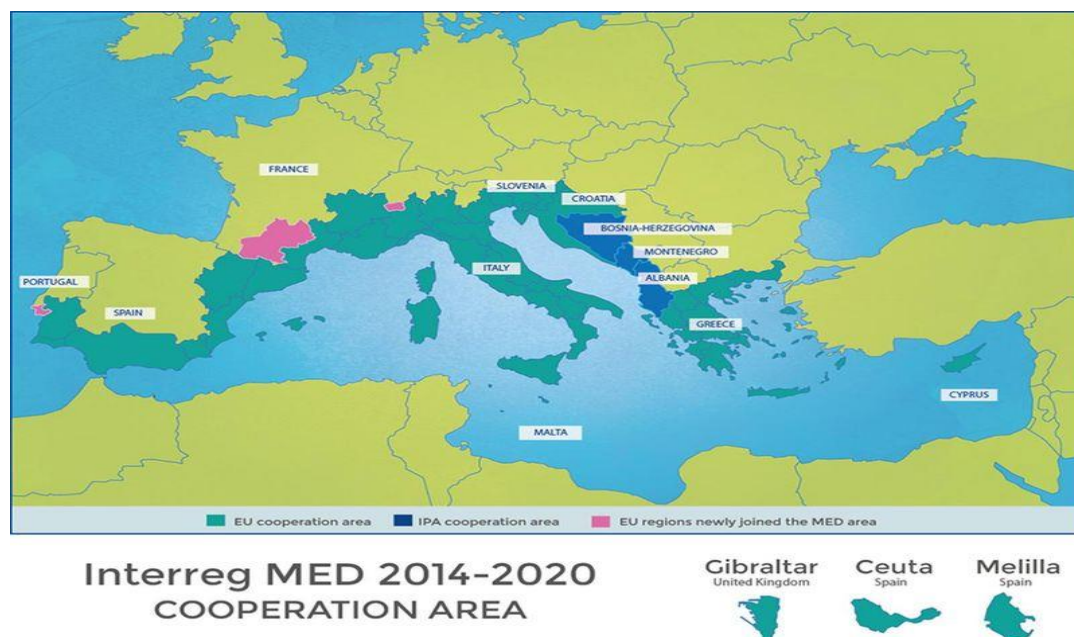
#### **MEDITERRANEAN AREA 2014-2020 Programme (MED 2014-2020)**

17. The functional area of the 2014-2020 MED programme is not aligned with a Macro-regional strategy but covers the EUSAIR area. The cooperation area of the 2014-2020 MED has remained the same as for the 2007-2013 programming period. The participating countries are Greece, Spain, France, Croatia, Italy, Cyprus, Malta, Portugal, Slovenia with the participation of Albania, Bosnia and Herzegovina as well as Montenegro. Gibraltar was covered but without project implemented.



18. Geographical area covers regions of 9 Members States and 3 candidates countries

Map 9: Geography of the MED programme 2014-2020.



19. With a EU budget of EUR million 233,678 (ERDF: EUR 224,322, IAP: EUR 9,356) the overall objective of the programme is to promote sustainable growth in the Mediterranean area by focusing on the fields of action where transnational cooperation can contribute to improve regional and territorial practices in specific sectors related to the blue and green growth, the creative industries and the social economy, through its three thematic priority axes.

Thematic priorities :

- **Priority axis 1** "Promoting Mediterranean innovation capacities to develop smart and sustainable growth" aims to increase the transnational activity of innovative clusters and networks. (ERDF million: EUR 71,783 – IAP: EUR 2,620)
- **Priority axis 2** "Fostering low carbon strategies and energy efficiency in specific MED territories: cities, islands and remote areas" includes three distinctive domains of activity: energy efficiency, renewable energy production/use, and low carbon mobility. (ERDF million: EUR 44,866 – IAP million: EUR 1,871)
- **Priority axis 3** "Protecting and promoting Mediterranean natural and cultural resources" tackles the development of a sustainable and responsible coastal and maritime tourism, and the protection of the biodiversity and natural ecosystems. (ERDF million : EUR 76,270 – IAP million: EUR 3,181)
- The Programme will grant specific attention to the setting up of favourable conditions for transnational discussions and transnational decision-making processes, through its dedicated **Priority axis 4**: "Enhancing Mediterranean governance". (ERDF million: EUR 18,945 – IAP million: EUR 0.9)

20. The programme did not reach the targets in the context of the performance review for two indicators: Priority axes 3 Protecting and promoting Mediterranean natural and cultural resources (Indicator: “Number of Joint governance plans”) and Priority axes 4 “Enhancing Mediterranean Governance” (Indicator: “Certified eligible expenditure sent to EC”). The global absorption rate is 82 % and the payment rate is 20.2 %. The non-achievement of the indicators is due to weaknesses in the implementation process and a complex architecture with capitalization process (specific calls for projects) depending of the selected projects.
21. Discontinuity of the South West Europe and Balkan MED programmes 2014-2020: to turn less budget into synergies.

At this stage, the Commission doesn't envisage to maintain the South West programme and Balkan-Med for the following reasons:

- The overall ERDF budget for ETC is decreasing as part of the reduced budget for Cohesion Policy. This reduction affects all Member States but not in a proportional way. We believe that the future programs 2021-2027 should have a critical financial mass. The budgets of the both current programmes are the lower of all the transnational programmes.
- The Interreg MEDITERRANEAN area programme 2014-2020 is mainly cofinanced by one Member State (>50%). Due to the discontinuity of the Balkan-Med and SUDOE (South West Europe), the reallocation of the ERDF available from those 2 programmes allows a more balanced financing between participating Member States in the future Euro MED programme 2021-2027.
- To maintain cooperation between the SUDOE regions, the proposal is to extend the geography (Map in first page) including a large part of the SUDOE regions and Balkan Med area in the future Euro MED 2021-2027 area (except the 2 Black Sea NUTS 2 of Bulgaria). This geography proposal is opened to negotiation.
- Regarding the geography of the future EURO MED programme, the Commission proposes to reinforce the alignment with the Mediterranean Sea Basin programme NDICI 2021-2027 (ENI 2014-2020).
- Specific Hinterlands issues (desertification, low population density, erosion, mitigation of climate changes consequences that affect Greece and Cyprus) are tackled under the three objectives proposed (including inland of Islands). Coastal issues (Sea pollution, biodiversity protection) are also addressed. Circular economy (Crucial for Islands) is also included in the proposal as a relevant topic for Islands. Territorial Cooperation (PO 5) could be added in order to address specific issues of territories (Mountains, Coastal, rural, urban areas and Islands).

## B. Investment Objectives linked to the challenges

22. In this section, orientations are presented with respect to the five policy objectives and one (of two) Interreg-specific objective<sup>5</sup>, under which funding of the **future EURO MED** can take place. As outlined above (see points 9 -15), a number of common challenges would justify the delimitation of the EURO MED Area as one functional area, with the following relevant cooperation topics from a transnational perspective<sup>6</sup>:

- Research, development and innovation;
- Climate change and adaptation to it, biodiversity protection;
- Territorial dimension and citizens: Cities (inner-peripheries), Islands and hinterlands places with declining access to public services;
- Economic transition, in particular circular economy and 4<sup>th</sup> industrial revolution;
- Energy, in particular renewable energy production and Energy efficiency;
- Green economy, in particular low-carbon mobility in the coastal and touristic areas and green tourism;

### PO 1: A smarter Europe by promoting innovative and smart economic transformation

23. In the light of the 4<sup>th</sup> industrial revolution, innovation networks are becoming more relevant as the revolution will lead to more economic concentration in terms of leading companies and location of companies and key players<sup>7</sup>. A number of regions of the 2014-2020 MED have a high innovation performance; others a moderate or a small performance.

24. There are many EU and national programmes financing RDI and cooperation in the Mediterranean Area, including topics which are also, but not exclusively relevant for the Euro-Med area as a whole. In fact, it is difficult to take into account all the Regional Innovation Strategies. At sea basin level the BLUEMED ,a marine Strategic Research and Innovation Agenda (SRIA) has been developed by the nine EU Mediterranean MS in 2015 and is now being further developed and implemented with UfM Southern partner countries. This provides a meaningful framework for coordinating research and innovation on marine environment, plastic litter, maritime clusters, ocean observation, blue bioeconomy, marine energy, climate change impact; and others, in the region. Relevant activities under the **future Euro-MED** could therefore be targeted to availability, quality, and monitoring of data that are missing but relevant for assessing and addressing common challenges especially on climate change and blue economy. Support could also be relevant for scaling up cooperation between different actors across the area. This could include support to building capacity to cooperate, identifying complementary use of capacities and pilot projects in certain areas of EURO-MED Space importance.

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<sup>5</sup> The external Interreg-specific objective “a safer and more secure Europe” does not apply to this programme.

<sup>6</sup> <https://territorial-review-espon.eu>.

<sup>7</sup> Böhme, Antikainen, Zillmer, Hans & Pyykonen, 2016; ESPON, 2018b, Schwab, 2017; ESPON, 2017a.

25. **Orientation:** At transnational level, in absence of a common strategic framework, it would be more efficient to build up on existing frameworks and enhancing scientists Community networks working on specific Mediterranean R-D/Innovation issues. The EURO-MED should limit support to RDI and smart specialization strategies to very specific challenges and pilot projects where direct benefits and spill-overs relating to the Euro-MED area and its regions can be expected, including possible complementarities with other EU programmes. For the Hinterlands areas, the programme could promote innovation in order to improve environmental protection. The scope of projects includes applied research activities, the carrying out of pilot activities, and experimenting with new products, environmental services (management and risk and biodiversity protection, and solutions with the aim of strengthening environmental protection including fields such as water resources (technologies for efficient management, developing the potential for saving, smart distribution systems, quality monitoring, irrigation or supply systems, etc.), solid urban waste (technologies for controlling pollution, exploitation for energy purposes, etc.) and soils (systems for monitoring and controlling nutrients, risk prediction, etc.) and the eco-innovation).

**PO 2: A greener, low-carbon Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management**

26. The Mediterranean Sea face many issues that are common to the Adriatic and Ionian Seas. Assessments at the Mediterranean Sea level (United Environmental Programme) indicate issues such as continuing degradation of the ecosystem, pressures from tourism development (impacting on habitat loss/degradation, coastal erosion, water pollution, overconsumption of resources), hypoxia, poor waste management practices, pressures from maritime transport, overfishing and/or destructive fishing, pollution from urbanisation, industry and from maritime activities (fisheries, energy, aquaculture) as well as negative impacts arising from climate change. On this background, the Maritime Spatial Planning Directive (MSP), the Marine Framework Strategy Directive (MSFD) and the Water Framework Directive (WFD) in combination with the Barcelona Convention represents a solid legal framework for the protection of the marine environment and the coastal region of the Mediterranean. Nevertheless, mechanisms seeking balance between human/economic activities and environmental protection are not developed enough.

27. **Orientation:** As ecological functional areas mainly concern coastal and inland areas, the functional focus is primarily climate change and should concentrate on selected joint challenges that one single cooperation partner is unable to address alone. In a transnational perspective, for Hinterlands, the features related the direct and side effects of climate change such as desertification (water reservoir empty, decreasing biodiversity, soil erosion and other extreme weather events and natural hazards (droughts, forest fires,...) and for maritime area the features related to 1. *Marine ecosystem*: Overfishing, habitat degradation and incidental catches pose serious threats to marine biodiversity. Uncontrolled and illegal coastal development leads to destruction of habitats. Invasive alien species from aquaculture and ballast water discharge also threaten the ecosystem; 2. *Sea Pollution*: Pollution of the sea originating from a maritime transport activities and hydrocarbon exploration and exploitation, insufficient waste water treatment, ecologically-unsound aquaculture practices, marine litter and notably plastic litter are problems that can only be tackled at transnational level; 3. *Decarbonisation*: marine renewable energies (wind and wave) are still unexploited in the Mediterranean, offshore wind has an estimated potential of about 22.000 TWh per year in the region.

28. **Orientation:** Other common challenges, such as transnational green economy and circular economy systems should also be relevant areas of support in the Future Euro MED programme.

**PO 3: A more connected Europe by enhancing mobility and regional ICT connectivity**

29. Demand for modern digital technologies and improved transport solutions has an important impact on peoples' lives. Transnational maritime transport corridors, accessibility of remote areas, pollution from transport and digital connectivity are therefore relevant for the Euro-MED region. While transport connectivity is high along the coastal area and good maritime corridors cross Mediterranean sea, connectivity is lower in the inner Euro-MED area due to geography and topography (rural area).

30. **Orientation:** Transport maritime corridors and accessibility of remote areas are an important challenge in the Euro-MED area. As transport infrastructure requires substantial funding, this could be made available from national, regional or private sources, or from other EU sources (CEF, ERDF), where appropriate. This could concern areas such as smart urban mobility, sustainable multi-modal mobility, and clean public transport. Transnational actions contributing to sharing or deploying low carbon mobility and smart transport solutions including pilot projects should be continued under the **future Euro-Med programme but under PO 2 or PO 5**.

**PO 4: A more social Europe implementing the European Pillar of Social Rights**

31. Increased territorial diversity in the Euro-MED Space is also due to demographic trends (aging, migration) and changes in lifestyles (urbanisation, changing family, etc.). These trends have an impact on the offer and accessibility of services of general interest and lead to more jobs in certain sectors (e.g. healthcare, education, tourism sector). These challenges are relevant for the Euro-MED area also in the future. Population in urban regions and in the coastal areas will presumably grow, whereas in most rural regions will decline. Employment and unemployment is increasingly imbalanced across the Euro-MED area, and unemployment has been rising in many regions due to the financial crisis. Access to services of general interest (medical, educational, transport) differs largely among regions and is dependent on territorial aspects and population density.

32. **Orientation:** Challenges related to growing unemployment in certain regions and changing needs on the labour market may be tackled by the ESF+, in particular under their national and regional programmes. Increasing demographic concentration combined with declining accessibility and lower endowment with services of general interest in more remote rural areas and islands are an important concern for the Mediterranean area. It is proposed addressing these issues under **PO 5 (see below)**.

**PO 5: A Europe closer to citizens by fostering the sustainable and integrated development of urban, rural and coastal areas and local initiatives**

33. Given that policies often focus on well-performing regions, increasing differences between those and places "left behind", policies should consider more "place-sensitive" approaches closer to citizens, exploiting untapped potentials of those places. Such inner-peripheries areas in the Mediterranean are often remote and sparsely populated with low accessibility to certain services. Green urban strategies must be also encouraged. Territorial strategies should be promoted to encourage such approaches, through urban partnerships, sustainable urban development (SUD), ITI, and CLLD in rural, Islands and coastal areas.

34. Cooperation with counties and regions that share similar “island issues” could be developed. Cooperation could cover matters such as Clean energy issues regarding islands/island regions, in the framework of the Clean Energy for EU Islands initiative, which provides a long-term framework to help islands generate their own sustainable, low-cost energy.

35. **Orientation:** In many areas, perceptions are that remote, rural and Islands areas are left behind and do not matter. Efforts are required in order to link all areas and stakeholders (e.g. Municipalities Federation, Euro-Mediterranean Regional and Local Bodies, ONG, etc.) to the larger European scale (e.g. transnational level). Measures to **promote capacities** and empowerment on local level can help these areas to be listened and to become increasingly involved. Urban innovative actions supported under relevant national and regional mainstream programmes could be eligible to promote networking and experiences exchanges in order to capitalize better and to work in a more systematic and coherent way towards achieving overarching goals and promoting regional cooperation on urban-related issues. Projects selected shall be in line with the Urban agendas, especially with the Urban Agenda of the UfM and with a high focus on coastal cities issues. In the same way, Rural and Islands innovative actions could be selected if they operate under approved local strategies (e.g. rural and fisheries CLLD). Clean Energy for EU Islands initiative could be supported by the future Euro-MED programme in line with actions described in PO 2.

**INTERREG-specific objectives:** Better INTERREG governance

36. According to the Commission proposal for a 2021-2027 ETC Regulation<sup>8</sup>, 15% of the ERDF funding for an Interreg programme shall be allocated to the Interreg-specific objective of ‘a better Interreg governance’. In particular, the programmes aligned with Macro-Regional Strategies should support the governance of such strategies.

37. **Orientation:** The future Euro-MED programme should become a platform for connecting the future Euro MED with other programmes in the area with the aim of improving coordination and funding opportunities, and should be represented in the programme monitoring committee at national, regional and local level. The future Euro MED programme should actively promote contributions and capitalization from other national and/or regional EU Cohesion Policy “mainstream” programmes, as well as cross border programmes active in the Mediterranean area in order to create more synergies and to avoid overlapping or duplications, especially on the projects implemented under the 3 others policy objectives. The future EURO MED programme may support the governance and coordination with the WestMed initiative as far as possible due to the different geography.

38. A coordination mechanism with Adriatic and Ionian strategy (Governing Board) and WestMed strategy (Steering Committee) must be set up.

39. **Orientation:** Programme governance should be based on the partnership principle, which is a key feature covering the whole programme cycle including preparation, implementation and participation in monitoring committees, building on the multi-level governance approach and ensuring the involvement of economic, social and environmental partners.

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<sup>8</sup> Articles 14 and 15 of the Proposal for a Regulation COM(2018)374 of 29.5.2018.

40. The 2021-2027 Interreg programmes should establish or participate in an already existing coordination mechanism with the authorities responsible for mainstream programmes. This coordination implies exchange of information and cooperation and should happen at all stages: planning (e.g. designing complementary actions, including identifying smart specialisation areas on the basis of national and regional needs and potential), implementation (e.g. building on synergies) and communication (showing the benefits for the citizens and the region).

41. This proposal for the transnational MED programme will also have consequences for the choice of investment priorities under the three cross border programmes in the Mediterranean region. Investments under the same Policy Objectives will need to show clear complementarity with the transnational programme. Close coordination with the transnational programme MED, where relevant, as well as the national and regional EU funded programmes needs to be guaranteed both during programming and implementation. To this aim, the “Orientation Paper on cross border cooperation in the Mediterranean area” and the “Cross-Border Orientation Paper for IPA CBC cooperation programmes with participation of Italian regions, Albania and Montenegro” area issued by DG REGIO should be duly taken into account alongside the present Orientation Paper in the preparation of the future EURO Mediterranean Programme.

**GEOGRAPHY: Extension to HINTERLANDS NUTS II Regions**

42. Regarding the geography of the future EURO MED programme, in order to reinforce the alignment with the Mediterranean Sea Basin programme NDICI 2021-2027 (ENI 2014-2020) and to reinforce the strong willingness to address specific challenges of Hinterlands areas jointly, especially in the South West Europe and in the Balkan-Mediterranean areas, a new extended geography is needed. The proposal is to extend the current geography to the following Mediterranean Hinterlands areas: Extremadura (ES43), Castilla La Mancha (ES42), Comunidad de Madrid (ES30), La Rioja (ES23), Comunidad Foral de Navarra (ES22), Auvergne (FRK2), Limousin (FRI2), Yugozapaden (BG41), Yuzhen tsentralen (BG42), North Macedonia (IAP) and Andorra.

**43. - Specifics calls for projects could be also a solution to implement those actions on the hinterlands areas. Dedicated antenna located in East and West European area could be put in place for a better implementation on the ground of those specifics calls for projects.**



## **D. Conclusions for the 2021-2027 period including strategic orientations**

44. Based on the considerations elaborated in the previous sections for transnational cooperation topics, the following thematic focus of the **future Euro Med programme** is proposed:

### **PO1**

- Improve the framework conditions for research and innovation, with a focus on climate change issues,
- Promote RDI activities across the Mediterranean area Space, with a focus on identifying joint challenges and innovative solutions.

### **PO 2 (strongest focus)**

- As ecological functional areas mainly concern coastal and inland areas, the functional focus is primarily climate change and should concentrate on selected joint challenges that one single cooperation partner is unable to address alone. In a transnational perspective, for Hinterlands, the features related to the direct and side effects of climate change such as desertification (water reservoir empty, decreasing biodiversity, soil erosion and other extreme weather events and natural hazards (droughts, forest fires,...) and for maritime area the features related to 1. Marine ecosystem: Overfishing, habitat degradation and incidental catches pose serious threats to marine biodiversity. Uncontrolled and illegal coastal development leads to destruction of habitats. Invasive alien species from aquaculture and ballast water discharge also threaten the ecosystem and 2. Sea Pollution: Pollution of the sea originating from maritime transport activities and hydrocarbon exploration and exploitation, insufficient waste water treatment, ecologically-unsound aquaculture practices, marine litter are problems that can only be tackled at transnational level.
- Establish low-carbon policy instruments, promote circular economy.

### **PO 5**

- Innovate with approaches and increase capacities for delivery of services of general interest in hinterlands, Islands and/or places at risk of out-migration and fragmentation, including relevant and targeted RDI activities;
- Support actions for promoting low-carbon mobility and transport (Only networking and exchanges of experiences);
- Promote territorial strategies such as urban/rural partnerships, ITI, and CLLD, regional and local stakeholders.

### **Interreg-specific objective of better governance (15%)<sup>9</sup>**

- Foster cooperation between regions, across borders, and between programmes;
- Support the governance of, and the coordination with, the WestMed initiative and Union for the Mediterranean.

A coordination mechanism with Adriatic and Ionian strategy (Steering Committee), WestMed strategy (Steering Committee), Cross border programmes, NDICI Mediterranean area 2021-2027 and regional programmes must be set up.

### **GEOGRAPHY**

In order to address the specific issues for Hinterlands regions and to align it with the Mediterranean Sea Basin programme geography, the geography of the future Euro MED programme could be extended to Extremadura (ES43), Castilla La Mancha (ES42), Comunidad de Madrid (ES30), La Rioja (ES23), Comunidad Foral de Navarra (ES22), Auvergne (FRK2), Limousin (FRI2), Yugoapaden (BG41), Yuzhen tsentralen (BG42) and North Macedonia (IAP). - Specifics calls for projects could be also a solution to implement those actions on the hinterlands areas.

<sup>9</sup> See Recital 19 and Articles 14 and 15 (2) of the Proposal for a Regulation COM(2018)374 of 29.5.2018.



## Annex 1

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