

Action Fiche for ENPI Regional South Action Programme 2011 Part 3

1. IDENTIFICATION

Title/Number	Cleaner and Energy Saving Mediterranean Cities ENPI/2011/23071		
Total cost	EU contribution: EUR 5 million		
Aid method / Method of implementation	Project approach / direct centralised management		
DAC-code	23010	Sector	Energy policy and administrative management

2. RATIONALE

2.1. Sector context

Sustainable development for the Mediterranean is a priority of the ENPI-South Regional Indicative Programme (RIP) for 2011–2013. "Environment and Water" is one priority (3A), with an objective of improved environment quality in the Mediterranean partner countries. "Energy" is another, with an objective of sustainable energy development (3B). The expected results identified in the Regional Indicative Programme as regards energy include secure, safe and environmentally sustainable energy supplies and developed renewable energy sources around the region. Furthermore the RIP mentions "support actions and policies on energy efficiency in different sectors of the economy and with local authorities" as one of the focus areas for support in the energy sector.

Cities and local authorities are key stakeholders in this context but the engagement also of national authorities is essential to making progress. Presently, the root problems of the cities in the field of sustainable policies in the Mediterranean countries lie mainly in:

- (1) **Urban growth:** The main cities are rapidly growing with a consequent increase in energy consumption, environmental damages and Greenhouse Gas (GHG) emissions. New cities are also being created in some of the countries (e.g. Algeria, Morocco, etc.).
- (2) **Water and Waste management:** Water and waste (collected but generally not treated) are often ranked as a higher priority than GHG reduction. Solutions for waste treatment but they are, however, often not decided by Local Authorities (Local Authorities). Biogas emissions from municipal waste dumpsites are another major source of GHG which are in most cases not taken care of and out of control of city public services.

- (3) **Transport and mobility policies:** Public transport is not sufficiently developed but the decision making power of Local Authorities in that sector is often limited.
- (4) **Lack of means, independency and capacities:** Local Authorities often lack operational and maintenance means as well as tools for preparing sustainable policies actions and energy efficiency and renewable energy solutions. Usually, cities do not have direct access to International Financing Institutions (IFIs) financing. Besides, national strategies are not yet decentralised. However, in some countries such a decentralisation to municipalities is being initiated. With the exception of Israel, most cities do not have a local strategy for sustainable energy.
- (5) **Limited awareness of the issues:** Most Local Authorities are of the opinion that climate change is not their responsibility. At the same time, the GHG emissions per capita remains currently relatively low. Hence, the security of energy supply, health, quality of life and focus on intelligent economic growth constitute much more incentives for Local Governments to undertake actions in the field of sustainable energy.

Within the EU, energy policy is gaining momentum also at the local political agenda, as shown by the success of the Covenant of Mayors, a political commitment that was initiated by the European Commission Communication COM(2006)545 “Action Plan for Energy Efficiency: Realising the Potential”¹.

The Covenant of Mayors aims at bringing together in a permanent network mayors and local authorities, under the aegis of the European Commission. Covenant signatory towns and cities formally commit themselves to go beyond the objectives of EU energy policy in terms of reduction in CO₂ emissions through implementation of Sustainable Energy Action Plans (SEAP). The Covenant of Mayors was officially launched in January 2008. Since then, this initiative has met a large international success: more than 2,800 cities from more than 40 countries (at the date of August 2011) have already signed up to it. Among them, cities from some Balkan Countries, members of the Union for the Mediterranean (such as Albania, Bosnia and Herzegovina, Croatia and Montenegro) as well as one city in Turkey have joined the Covenant. Some cities in the European Neighbourhood and Partnership Instrument (ENPI) East region have also joined the Covenant. Furthermore, an EU-funded project "Supporting participation of Eastern Partnership and Central Asian Cities in the Covenant of Mayors" under the ENPI-East 2010 Regional Action Plan (RAP) is expected to start in the second half of 2011.

In the light of the above, it is important to enhance the role of the ENPI South local authorities in promoting sustainable policies, including by suggesting their engagement with a well-recognised initiative such as the Covenant of Mayors. This, together with increased concerns related to security of energy supply, can help to increase efforts towards sustainable policies development among this key group of stakeholders. It can also help to build capacity in local governance with the support of national authorities which is built on the experience of their local peers from the

¹ For more info, see: <http://www.eumayors.eu>.

EU. In the context of the Covenant, cities are invited to act responsibly in their various possible roles:

- As planner, developer and regulatory body;
- As service provider and as consumer;
- As leader, stimulating the whole community, advisor and example;
- As producer and supplier (e.g. of energy, water...).

In line with the priorities set down in the Joint Communication of 8 March 2011 of the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy, entitled "*A partnership for democracy and shared prosperity with the Southern Mediterranean*"², the project will aim at making national authorities aware of the need and advantages of a strong involvement of cities in policy issues that are of direct impact on the cities such as waste, public municipal transport etc. This will respond to the points mentioned above that many of these areas actually do not fall under the competence of local authorities.

2.2. Lessons learnt

The experience from projects targeting directly local authorities in the Mediterranean region, such as MED'ACT, and MED PACT proves that intervention in sustainable development at this level is relevant and effective. These projects managed to establish lasting partnerships between the EU and Mediterranean cities and their civil societies to contribute towards promoting more participative and sustainable local development patterns in the Southern and Eastern Mediterranean. They also aimed at widening and strengthening municipalities' networks and at further developing their access to information on technical and methodological issues. The structure of these programmes (a joint Technical Assistance and grant component) is now being replicated under the current Cooperation in Urban Development and Dialogue programme (CIUDAD) which covers the entire European neighbourhood region.

In the field of sustainable energy, a number of important EU funded regional projects have supported the process such as the Mediterranean Energy Market Integration Project (MED-EMIP), the project "Paving the way for the Mediterranean Solar Plan"(which focuses on sustainable energy and energy efficiency), the Cooperation between the Euro-Mediterranean Energy Regulators (MEDREG) and the project on Energy Efficiency in the Construction Sector – Phase II (MED-ENEC II). However, none of these projects has specifically targeted local governments.

National initiatives – especially for the development of National Energy Efficiency Action Plans (NEEAPs) – are reinforced by the Arab Energy Efficiency Directive which has been developed jointly by the League of Arab States, the MED-EMIP project, the MED ENEC II project and Regional Centre for Renewable Energy and Energy Efficiency (RCREEE) on the basis of the EU Directive 2006/32/EC on energy end-use efficiency and energy services.

²

COM(2011)200

Previous experience with the local authorities in the region shows that over-ambitious and multidimensional projects are likely not to be effective. Small and concrete actions are to be sought to build experience and generate motivation.

2.3. Complementary actions

Cooperation with actors from the Energy sector

Regional energy cooperation between the EU and the countries of the European Neighbourhood Policy (ENP) South is well established. EU funded projects that are relevant to the Covenant of Mayors are as follows:

- Support for the Enhanced Integration and the Improved Security of the Euro-Mediterranean Energy Market / MED-EMIP (2007-2011, EUR 4.3 million),
- Energy Efficiency in the Construction Sector / MED-ENEC II (2009-2013, EUR 5 million),
- Paving the way for the Mediterranean Solar Plan" (2010-2013, EUR 4.6 million).

These projects are seeking development of sustainable energy capacity at regional level through technical assistance. To ensure consistency and harmonisation with these projects, close cooperation will be ensured. A regional approach in this sector is likely to strengthen and multiply the project's efforts in the region.

In addition, linkages between the support given under the project and the European Commission's Neighbourhood Investment Facility (NIF) are to be sought.

Synergies with the ENPI Horizon 2020 Capacity Building project promoting integration/mainstreaming of environment issues into other sector policies, with the Horizon 2020 Mediterranean Environment Programme and its capacity building actions on water and waste management, the Sustainable Water in the Mediterranean (SWIM) project as well as with other relevant bilateral EU funded projects on Energy Efficiency and water and waste management (e. g. Programme Environment and Energy Program in Tunisia, etc.) will also be sought.

Finally, donors and International Financial Institutions (IFIs), namely the United Nations (UN) and the World Bank (WB) are particularly active in the field of energy efficiency in the Mediterranean Region and also at local level but none of their programmes benefit from the same political framework and leverage of the Covenant. However, it will be intended to establish a close cooperation with the IFIs and donors within the framework of the project, in order to join forces in assisting the cities in the enhancement of their sustainable policies and/or their wish to join the Covenant of Mayors.

Cooperation with Local Authorities

In all beneficiary countries, projects with Local Authorities have already been implemented, including city-twinning with EU cities. Local Authorities from the region report good experiences from previous city-twinning programmes and wish to develop further those links.

The CIUDAD programme aims at helping local governments in the ENPI region to enhance their capacity to plan for sustainable, integrated and long-term urban development using good governance principles. It does this through capacity building and by promoting mutual understanding, exchange of experience and cooperation between local actors in the EU and in the Partner Countries of the ENPI region in the implementation of common projects. By creating new partnerships and strengthening existing ones among local and regional authorities in the ENPI region (South-South, East-East and South-East partnerships), it also hopes to achieve long-term benefits extending beyond the life of the programme.

Close cooperation and capacity building will thus be established with the projects implemented under the CIUDAD and the future CIUDAD II programme which have an energy efficiency or sustainable policy development component.

2.4. Donor coordination

It will be intended to establish a close cooperation with the IFIs and other donors within the framework of the project, in order to avoid overlapping activities but mainly to join forces in assisting the cities to implement their SEAP or similar action plans and to possibly join the Covenant of Mayors (e.g. through investment loans).

A working partnership with the European Investment Bank (EIB), which has decided to raise the share of energy efficiency and renewable energy sources in its energy portfolio, will also be contemplated.

Partnerships with EU Member States' financing institutions (such as Kreditanstalt für Wiederaufbau (KfW), Agence Française de Développement (AFD), etc.) and with the World Bank, which provides loans and bank guarantees and is increasingly involved in the field (e.g. concentrated solar power (CSP) program) will be considered, too, in line with the principles set out in the Paris Declaration on aid effectiveness.

The project will facilitate the coordination of actions at local level by donors active in the region as regards sustainable policy.

3. DESCRIPTION

3.1. Objectives

The overall objective of the proposed project "Cleaner and Energy Saving Mediterranean Cities" (the project) is to support the local authorities in the ENPI South Mediterranean Partner Countries to respond more actively to sustainable policy challenges.

The purpose of the project is to encourage and strengthen the capacity of local authorities in the region to achieve and implement more sustainable local policies and eventually to prepare them for signing up to the Covenant of Mayors. This includes a significant increase in the use of sustainable policies such as renewable energy solutions and energy efficiency measures to reduce CO₂ emissions as well as efficient water and waste management, use of environment-friendly public transport and mobility means, etc. as long as they fall within the competence of the local

government. This involves improved capabilities in areas like sustainable urban planning, energy planning, stakeholder involvement etc.

3.2. Expected results and main activities

It is foreseen that the project will include among others the **following activities**:

I. Information, and awareness raising for cities:

- (1) preparation of information packs, tailoring materials on sustainable urban development policies linked in particular to the objectives of the Covenant of Mayors;
- (2) Reactive (enquiry-driven) information assistance on local sustainable policies and implementation (Help Desk);
- (3) Organising Local Sustainable Policies Days;
- (4) Exchanges with EU cities and networks of cities such as through study tours on implementing sustainable policies and the Covenant of Mayors.

II. Implementation: Assistance to implementation of the local sustainable energy and urban development policies (including the Covenant of Mayors)

- (1) Defining an adequate framework of cooperation with national authorities and agencies and increase their capacity and knowledge in view of an enhanced role of municipalities in sustainable policy development and implementation;
- (2) Strengthening the capacity of Local Authorities to develop sustainable policies and action plans based on a realistic baseline and scenarios;
- (3) Direct expert assistance, and training to city associations and cities or other stakeholders having a role in the preparation and implementation of sustainable policies at city level;
- (4) Identification, training and technical assistance to possible supporting structures that could continue to contribute to sustainable policies in local government and to the Covenant after the end of the project (train the trainers);
- (5) Exchange of best practice, regional networking events and seminars;
- (6) Improve capacity for a better access to urban financing including from IFIs and national financial instruments (e.g. National Fund for Energy Efficiency in Tunisia, etc.);
- (7) Support to demonstration projects/city networks.

III. The setting up of two regional focal points (one in the Maghreb & one in the Mashreq) which could become Supporting Structures and/or Covenant of Mayors Offices for the South at a later stage. During the implementation of the project, the focal points will be in charge of networking and of dealing with the communication

strategy and regional workshops. They will also define the post project strategy with regard to the development in the future of the Covenant of Mayors in the region.

The expected results of the project are:

- Improved knowledge and support of national authorities on the role of local authorities (LA) in sustainable policy issues;
- A number of cities in the Mediterranean sign up to the Covenant of Mayors or undertake a similar commitment;
- Action plans for sustainable local development policies are developed by Local Authorities improving access to financing (IFIs);
- The capacity of local authorities in the Mediterranean, with regards to the introduction of sustainable policies at urban level and the design, development and achievement of sustainable policies is increased;
- The awareness of the local population with regard to sustainable policies and sustainable energy is improved;
- Lasting partnerships between local/regional authorities in the EU and in the ENPI region are created;
- Two regional focal points (one in the Maghreb & one in the Mashreq) are established which could become Supporting Structures and/or Covenant of Mayors Offices at a later stage.

3.3. Risks and assumptions

Assumptions

Energy security and sustainable growth remain a high priority for the ENPI South Partner Countries. National Authorities are expected to allow for Local Authorities' initiatives. National non-technical ministries such as Ministries of Interior Affairs, Ministries of External Affairs play a key role and need to be involved to support the actions of the cities.

All technical ministries (Ministry of Energy, Ministry of Environment, etc.) and related agencies are interested by the project and play an active role and institutional functions in the field.

Energy producers and distributors occupy an important place within the economic framework and should consequently not be neglected at political level.

It is assumed that national policies will evolve and create more favourable conditions for Local Authorities. The project must also be seen as an opportunity to contribute to this change, to increase the awareness of national authorities of the potential role of Local Authorities in implementing the national sustainable policies.

Convergence between the Covenant of Mayors' objectives and Local Authorities' urgent needs in the region is also assumed.

Risks

The political developments of the region bring new chances but also uncertainties for future regional cooperation. This could potentially have an impact on the project implementation. If relationships between Arab countries and Israel deteriorate, it will also make regional meetings with participations from all countries difficult. As this project targets cities and has a very technical character, it is hoped that the cooperation can continue even in a difficult political context. Due to its local character the project also envisages **good participation by civil society**.

Other potential risks concern:

- The lack of means, institutional independency, tools and resources in Local Authorities;
- The lack of experience of Local Authorities of sustainable policies;
- Local Authorities in the region do not have similar powers as those in the EU Member States: they cannot make important decisions or adopt incentives for sustainable policies, do not control major projects and do not have direct access to finance from IFIs;
- Local Authorities' lack of suitable regulatory frameworks (building code, minimum efficiency standards for appliances, etc.);
- Reliable data availability (e.g for the baseline, etc.).

Mitigations of risks

The risks can be reduced by promoting capacity building activities relating to sustainable policies which could address the needs and priorities of the Local Authorities within the limits of their competence.

As part of the risks stem from lack of awareness and support from national authorities, part of the project is to be dedicated at raising awareness and capacity at that level since additional efforts to create better awareness in the population would increase the benefit of the project.

Efforts were anticipated ahead of the project during the identification phase to identify the potentially most interested cities. During the project implementation, a particular attention will be paid to reach out to the local authorities trendsetters (e.g. cities networks, influential decision-makers) which can make change happen. Key cities (e.g. capitals) and medium size cities' adhesion will be prioritized to seek a knock-on effect on other cities (replicability). The project will go along with parallel initiatives that address the need for change at national level and continue to improve the enabling environment for energy efficiency (either EU-funded or other).

3.4. Crosscutting Issues

The project dealing with sustainable policies will also indirectly address other social, environmental and economic issues. More sustainable local energy policies would contribute to promote good governance as well as climate change.

Social and economical development will be tackled since the project will facilitate the emergence of new skills and local expertise via training. By the implementation of new policies, it will also allow for the upgrading of some sectors (transport, etc.) and contribute to improve living conditions of local people.

Reduction in energy consumption and related bills via the implementation of sustainable policies at local level will also contribute to poverty reduction.

Indirectly the project will also have an impact on gender equality and possibly on human rights (involvement of civil society)

3.5. Stakeholders

The cities/local authorities are the main target of the proposed project.

However, indirectly it also supports the role of the civil society organisations, network of cities and energy efficiency bodies which could possibly become supporting structures as encouraged by the Covenant of Mayors (e.g. RCREEE in Egypt, Union of Local Authorities as in Israel, the Palestinian Municipal Development Fund, Amman Institute for Local Development, Technical Bureau of cities in Lebanon, etc.).

National administration in charge of municipalities will also be stakeholders since their involvement in the project to support Local Authorities will be key. The degree of administrative and financial self-dependence of the cities varies. Nevertheless, in most of the partner countries, local competences (e.g. transport etc.) are hardly decentralised and are still tackled at national level rather than at municipal level. Hence close cooperation with the national administrations involved in local matters (Ministry of Interior etc.) will be sought during the whole duration of the project. Increased awareness at the level of cities might lead to higher political influence on the governments to create more conducive enabling environment in terms of legislation, regulations, and state programmes in the sector.

Relevant information via the website of the Secretariat of the Covenant of Mayors in Brussels will also be available for the cities of the ENPI-South joining the Covenant of Mayors. Furthermore, international associations of cities as well as their national affiliates – where they exist – and existing Covenant of Mayors support structures in the EU could play an important role in the proposed project by providing links to good practice and eventual groupings of cities working on comparable problems and their solutions. EU Delegations will be associated to the project to enhance contact with Local Authorities & relevant bodies.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

The project will be implemented through Direct Centralised Management. It is foreseen to launch a call for tender for a service contract and sign an administrative arrangement with the Joint Research Centre (JRC). The service contract will provide technical assistance to the Local Authorities to achieve and implement more

sustainable local policies. Possibly, support is to be provided through the service contract under this project in the form of support to pilot projects.

Furthermore, part of the budget will be implemented under an administrative arrangement with the European Commission's Joint Research Centre (JRC).

European Commission headquarters will manage the contracts in close liaison with other relevant Directorate-Generals and the EU Delegations in the partner countries.

A Steering Committee will be established with the participation of the relevant Commission Services having responsibilities within the framework of the Covenant of Mayors, as well as representatives from the Covenant of Mayors office in Brussels and the focal points established under this project (or any other branch office established within the lifetime of this project). The branch of the twin project on the Covenant of Mayors in the ENPI-East Countries might also participate to the Steering Committee. The Steering Committee will provide general guidance to the project. The steering committee should focus on the Mediterranean area to facilitate the coordination between the Covenant of Mayor Offices and oversee the project implementation and any supporting structures established under this project (or any other future branch).

The situation in Syria will be continuously monitored and its participation in the activities adjusted in line with the political developments in the country.

4.2. Procurement procedures

1) Contract

The contract implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

Participation in the award of the contract for the present action shall be open to all natural and legal persons covered by the Regulation 1638/2006 of the European Neighbourhood and Partnership Instrument.

2) Administrative Arrangement with the European Commission Joint Research Centre (JRC):

Part of the budget will be implemented through an Administrative Arrangement with the JRC in order to provide the services assigned to them within the framework of the Covenant of Mayors, also to the countries covered under this project. This would include activities such as the analysis of the templates of the Sustainable Energy Action Plans submitted, providing support and training on technical issues related to the Covenant of Mayors, providing a helpdesk function for technical questions, etc. The activities under this Administrative Arrangement will be implemented in close coordination with the Technical Assistance contract.

4.3. Indicative budget and calendar

The total budget for the project is EUR 5 million.

The service contract and the administrative arrangement with the JRC are expected to start mid 2012.

The foreseen operational duration of the project is 36 months.

4.4. Performance monitoring

For the whole project, a key indicator of achievement will be the number of SEAP or similar action plans that have been designed and implemented and the number of cities having signed up or about to sign up to the Covenant of Mayors at the end of the implementation period. Another indicator will be the number of suitable investment projects channelled towards IFIs (or the NIF) or towards local banks if applicable. The related reduction of CO2 emissions brought by sustainable energy and/ or energy efficiency projects (the only Commission Standard Indicator that applies to the proposed project) will depend on the number of projects financially supported and actually implemented, although not all these projects are likely to be finalised in the timeframe of the proposed Project.

The project will be monitored according to standard procedures. Project monitoring will be based on periodic assessment of progress and delivery of specified project results and towards achievement of project objectives.

4.5. Evaluation and audit

Expenditure incurred will have to be certified, as part of the obligations of the contracted parties in the framework of the implementation of this project. Evaluation of the results achieved will be entrusted to independent consultants, as well as external audits (which will be carried out if necessary). These evaluations and audits will be funded from other sources than the project budget, since no commitment will be possible once the validity of this Decision has expired ("N+1" rule will apply).

A mid-term and a final project evaluation will be carried out to assess project performance, achievements and impact.

4.6. Communication and visibility

The EU visibility guidelines must be followed by all projects. The project will work out a specific communication strategy and develop specific activities dedicated to communication and visibility, including a replica of the Local Energy Days in the framework of the Covenant of Mayors in the EU. Implementation of the communication strategy in the partner countries will be also carried out in collaboration with the relevant EU Delegations, when appropriate.

The Service Contract is expected to manage the part of the website of the Covenant of Mayors dedicated to the cities signing up from the region covered under this project, providing potential applicants from the region with all necessary information and facilitating networking among cities.

Existing networks of local authorities (such as those mentioned above) will also be involved in the awareness raising phase, as well as in programme implementation (for dissemination).

Constant communication should be maintained with the European Commission and with the ENPI Info Centre (www.enpi-info.eu).