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Plan Bleu's National Focal Points Meeting

By videoconference, 19-20 May 2021

Agenda Item 6.3: Transition towards sustainable development: socio-economic analysis and economic instruments

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Introductory note

This working document presents the mandates received by Plan Bleu / RAC from Contracting Parties up to and during COP21, for activities related to transition to sustainable development through a socio-economic lens, the up to date achievements of Plan Bleu / RAC to implement these mandates; proposed follow-up activities for the next biennium.

Agenda for Plan Bleu's Focal Points meeting:

The Focal Points will be invited to provide comments and suggestions on the next steps during the current biennium up to the COP22; as well as on the proposed activities for the next biennium, in relation with the topic of transition to sustainable development through a socio-economic lens. The Focal Points might agree on formalized recommendations on this topic as outcomes of the meeting.

1. Plan Bleu's mandates

1. The mandate of Plan Bleu / UNEP/MAP Regional Activity Center, as expressed by the Contracting Parties of the Barcelona Convention in their Decision IG.19/5 adopted in 2009 at COP 16 in Marrakesh, Morocco, clearly includes socio-economic evaluation. The decision indicates two of Plan Bleu's main fields of action as follows: *"1. ongoing identification, collection and processing of environmental, economic and social data and statistics for the use of stakeholders and decision-makers; 2. assessment of the interaction between the environment and economic and social development, and the building of relevant indicators and tools to measure progress towards sustainable development."*
2. Within the UNEP/MAP – Barcelona Convention system, Plan Bleu has been holding a leadership role in socio-economic analysis, as highlighted for example in decisions IG.21/3 and IG.20/4 relating to the implementation of the Ecosystem Approach (EcAp) in the Mediterranean and outlining Plan Bleu's work on socio-economic analysis conducted under EcAp.
3. More recently, the Contracting Parties have specifically called upon Plan Bleu's expertise to provide additional economic impact evaluation to *examine the possibility of designating the Mediterranean Sea as a whole as SOx Emission Control Area under MARPOL Annex VI and effectively implement the existing energy efficiency measures*, through Decision IG.24/14 Programme of Work and Budget 2020-2021, item 2.7.1.2.
4. The same COP decision also contains the item 4.1.1.1. Main activities *"Support the socio-economic evaluation of measures in Regional Strategies and Action Plans", for which Plan Bleu is the mandated UNEP/MAP component.* / Expected Deliverables *"Methodological guidelines developed to support CPs and stakeholders conducting socio-economic evaluations of measures in Regional Strategies and Action Plans, adapted to plastics reduction and prevention measures among others"*.
5. The same COP decision in item 4.4.1.2 Main activities *Implement the SDG14 in the Mediterranean by promoting the Blue Economy* has a specific expected deliverable *"b) Recommendations for a transition towards a Blue Economy in the Mediterranean, including through the development of financing and economic instruments"*.
6. The same COP decision in item 7.1.1.1. *Promote environmental taxation especially for fossil fuel emissions*, calls upon Plan Bleu to work on fiscal instruments for sustainable development.

2. Elements of context

7. This document provides information on two distinct but linked areas of work of Plan Bleu: (i) socio-economic (impact) analysis, and (ii) diversification of policy mixes including economic instruments, subsidies/fiscal policies that are environmentally harmful or -friendly, and land easements for conservation.

8. The Barcelona Convention, in its Article 4.4, specifically states that the implementation of the Convention and its Protocols requires a systemic approach that takes into account the social and economic conditions of the Contracting Parties (CPs): *"In implementing the Convention and the related Protocols, the CPs shall [...] utilize the best available techniques and the best environmental practices [...], taking into account the social, economic and technological conditions."* In fact, for environmental policy-making, socio-economic analysis is a well-established method of weighing up the pros and cons of an action for society as a whole.

9. The Activity Report of the Compliance Committee for the biennium 2018-2019, as well as the UNEP/MAP operational communication strategy 2020/2021 both underline that economic instruments are vectors of change for sustainability, stating respectively the recommendation *"To urge and recommend the Contracting Parties concerned to promote the sharing of information and experience among them to enhance the use of economic instruments in the Mediterranean region [...] and to take appropriate measures to adopt relevant economic, financial and/or fiscal instruments intended to support local, regional and national initiatives for ICZM"* and the *"Call to Action: As the leading authority on environmental sustainability in the Mediterranean, we strive to set a regional agenda that leads with research, policies, and economic incentives."*

10. Article 21 of the ICZM Protocol states *"For the implementation of national coastal strategies and coastal plans and programmes, Parties may take appropriate measures to adopt relevant economic, financial and/or fiscal instruments intended to support local, regional and national initiatives for the integrated management of coastal zones."* The Common Regional Framework for Integrated Coastal Zone Management in the Mediterranean further indicates that, in line with Article 21 of ICZM Protocol, Contracting Parties are encouraged to *"Gradually reduce environmentally harmful subsidies while putting in place compensatory measures to address socio-economic losses that might occur"*. The Naples Declaration in its paragraph 9.c) calls to *"Boost capacity building and involvement of a range of actors – particularly the scientific community, private sector and civil society – in designing and implementing adaptation strategies, and mobilizing funding resources, inter alia, through subsidies' reforms and efficient green tax collection"*.

11. The Action 5.6.2. of the Mediterranean Strategy for Sustainable Development 2016-2025 suggests to *"Carry out reviews on the environmental impacts of public subsidies with a view to the phasing out of environmentally-harmful subsidies"*.

12. The Action 1.1.4. of the Mediterranean Strategy for Sustainable Development 2016-2025 suggests to *"Support national coastal conservation initiatives and strengthen or develop specific national laws for conservation of coastal areas, building on concepts such as public trusteeships"*.

13. The ICZM Protocol states in its Article 20.2. *"[...] in order to ensure the sustainable management of public and private land of the coastal zones, Parties may inter alia adopt mechanisms for the acquisition, cession, donation or transfer of land to the public domain and institute easements on properties."*

14. The recent report on the State of the Environment and Development in the Mediterranean 2020 highlights *“Efficient environmental policies require adjusted policy mixes¹ as systemic issues can rarely be solved by regulatory measures alone. Environmental challenges associated with multiple pressures and activities, including strong economic interests, can be tackled only by a combination of coordinated instruments through policy mixes, associating regulatory measures with: (i) Economic instruments, fiscal measures, extended producer responsibility in application of the “polluter pays” principle, diverse funding mechanisms and partnerships; (ii) Awareness-raising, education, labelling and voluntary agreements; and (iii) Instruments supporting environmentally-friendly land tenure, land use and land-use planning in areas under significant pressures.”*

3. Main achievements in 2020 – 2021

3.1. Examine the possibility of designating the Mediterranean Sea as a whole as SOx Emission Control Area under MARPOL Annex VI and effectively implement the existing energy efficiency measures (Programme of Work item 2.7.1.2)

15. In the framework of this item, Plan Bleu’s expertise in socio-economic analysis has been specifically requested by the Contracting Parties at COP21 in Naples, Italy, to complement other analyses conducted by REMPEC, as listed in the Annex to the Decision IG.24/8. Plan Bleu is particularly in charge of (i) analyses of the impacts on shipping engaged in international trade as well as on trade modal shift outside the Mediterranean; and (ii) analyses of the impacts on short-sea shipping activity as well on the social and economic impact on Contracting Parties including on development for islands, insular and remote areas.

16. In close coordination with REMPEC and the SOx ECA Technical Committee of Experts, Plan Bleu has drafted detailed terms of reference, recruited a specialized consulting firm, and overseen the consultant’s work to conduct the above-mentioned analyses. The results feed into the overall roadmap for the possible designation of the Mediterranean Sea as a whole as SOx Emission Control Area under MARPOL Annex VI and are therefore discussed by the SOx ECA Technical Committee of Experts, REMPEC Focal Points and, subsequently, MAP Focal Points, prior to being integrated into a submission to COP22. As the results of all analyses conducted under the Med Sox ECA roadmap are consulted upon by the REMPEC thematic Focal Points in a consolidated way, a consultation on the analyses by Plan Bleu Focal Points is not foreseen.

3.2. Support the socio-economic evaluation of measures in Regional Strategies and Action Plans (Programme of Work item 4.1.1.1)

17. Plan Bleu is representing the UNEP/MAP- Barcelona Convention system within the EU Marine Strategy Framework Directive (MSFD), Working Group on Programmes of Measures – Economic and Social Analysis (WG POM ESA): As of 23 October 2020, Plan Bleu is co-chairing this working group. This strategic position can foster the taking into consideration of Regional Seas Conventions and Mediterranean-specific questions regarding socio-economic analysis within the work of the MSFD implementation. It can also help spread specific knowledge gained within the working group towards EU and non-EU Mediterranean countries and feed into the implementation of the Ecosystem Approach (EcAp) in the Mediterranean.

18. Plan Bleu leads targeted activities under the MSFD support project “Support Mediterranean Member States towards the implementation of the Marine Strategy Framework Directive new GES Decision and programmes of measures and contribute to regional/subregional cooperation

¹ Definition from OECD: “The ‘policy mix’ could be understood as the set of policy rationales, arrangements and instruments implemented to deliver public action in specific policy domains as well as their interactions. The ‘policy mix’ concept refers therefore to: 1) the composition of the ‘policy mix’, i.e. the relative balance between its components, and 2) the interactions between its components”, in OECD Science, Technology and Innovation Outlook 2016

(MEDREGION)”, which has started in February 2019 and will end in July 2021. These activities provide socio-economic insights linked to measures aiming to achieve Good Environmental Status (GES) in the Mediterranean. They include: (i) An analysis of the cost-effectiveness, cost-benefit balance and multi-criteria comparison of the different protection levels of Marine Protected Areas (MPAs) in the Mediterranean, as well as (ii) a proposed methodological guidance to strengthen socio-economic considerations in the implementation and update of Programmes of measures. The work conducted by Plan Bleu is under finalization and will be made available on Plan Bleu’s website in the second semester of 2021.

19. Plan Bleu is one of the consortium partners of the project “Support coherent and coordinated assessment of biodiversity and measures across Mediterranean for the next 6-year cycle of MSFD implementation (ABIOMMED)”, which has been accepted by the European Commission in December 2020 and will start in July 2021 for a duration of two years, following up on the project MEDREGION. Plan Bleu has conceived and will lead one of the project’s six activities: “Socio-economic analysis of measures”. More details about this activity are listed in paragraph 25.b.

3.3. Development of financing and economic instruments (Programme of Work item 4.4.1.2.); and Promote environmental taxation especially for fossil fuel emissions (Programme of work item 7.1.1.1)

20. In preparation of further work related to these Plan of Work items, and following up on findings of the report on the State of the Environment and Development in the Mediterranean 2020, Plan Bleu has launched an exploratory study to establish a rough state of play on environmentally harmful subsidies in Mediterranean countries, expected to be finalized in the last quarter of 2021. This study is funded through external funding raised by Plan Bleu and intends to provide input to a new activity included in the proposed Programme of Work 2022/2023.

4. Proposals of activities 2022 - 2023

21. During the biennium 2022-2023, Plan Bleu proposes to step up the ambition of work previously conducted in the fields of socio-economic analysis and economic instruments under the framework of the UNEP/MAP-Barcelona Convention system. Identified by the Contracting Parties as the UNEP/MAP component holding a key expertise in the field of socio-economic analysis and economic instruments, Plan Bleu proposes to develop a structured approach to further integrating an efficient use of socio-economic analysis and economic instruments into the work of the UNEP/MAP-Barcelona Convention system.

22. One of the findings of the report on the State of the Environment and Development in the Mediterranean 2020 highlights the diversification of policy mixes in the Mediterranean as a key lever of action for sustainability. Integrating economic and fiscal instruments, but also other tools, such as conservation land policies into the existing sets of policies, is thus an area of work proposed by Plan Bleu for the next biennium.

23. As transversal support activities, socio-economic analyses and economic instruments, but also suggestions to further diversify Mediterranean policy mixes, are addressed in two different programmes of the proposed Programme of Work 2022/2023.

24. Under the programme 4. *Towards the sustainable use of coastal and marine resources including by the promotion of circular and blue economy*, Outcome 4.3. *Innovative environmental management and economic instruments implemented for the protection and efficient use of coastal and marine resources*, Activity 1. *Support the effective use by CPs of economic instruments and other tools for nature conservation and sustainable development in order to diversify the policy mix in the Mediterranean*, Plan Bleu proposes three complementary outputs.

- a. *Output 1. Cross-sectoral workshop organized on environmental economic instruments in the Mediterranean, sharing good practices across sectors (climate, water, biodiversity, pollution, fisheries); report on best practices issued, based on output of the workshop and complemented by invited expert):* This output will produce an exchange and overview of different economic instruments, including taxes, resource pricing, fiscal measures and other tools used to internalize environmental costs in the Mediterranean. It also aims at outlining best practices and analyze the way in which such measures can contribute to achieving transformative change for sustainability in the Mediterranean and strengthen outcomes of selected strategies and plans developed under the UNEP/MAP-Barcelona Convention system. It also responds to specific elements of the 2018-2019 activity report of the Barcelona Convention Compliance Committee and specific clauses of the ICZM Protocol (refer to section 2 Elements of context);
- b. *Output 2. Publication on the applicability of conservative easement tools under different Mediterranean legal frameworks issued, based on literature review:* This output is proposed to establish a state of play and outline recommendations for the use of conservation easement in the Mediterranean. A conservation easement is a voluntary legal agreement between a landowner and a land trust or government agency that permanently limits uses of the land in order to protect its conservation values. With the objective to explore ways to diversify current policy mixes in the Mediterranean, conservation easement can be of interest to foster the implementation of certain objectives of the ICZM Protocol (non-construction zones), or preserve forests and wildlife, etc. This proposed output will also provide inputs to the Action 1.1.4. of the Mediterranean Strategy for Sustainable Development 2016-2025 (refer to section 2 Elements of context); and
- c. *Output 3: Regional report on environmentally harmful subsidies, in collaboration with OECD:* This output is intended to be a direct follow-up of the Naples declaration, specific recommendations of the report on the State of the Environment and Development in the Mediterranean 2020, in support of Article 21 of the ICZM Protocol and fulfilling part of the Action 5.6.2. of the Mediterranean Strategy for Sustainable Development 2016-2025 (refer to section 2 Elements of context). It is proposed to produce an overview of environmentally harmful subsidies and other fiscal advantages currently in place in the Mediterranean, success stories of fiscal reform to reduce the environmental footprint of subsidies and to provide recommendations to policy makers.

25. Under the programme 6: *Together for a shared vision of the Mediterranean Sea and coast, Outcome 6.2. Science-based IMAP, foresight and other assessments and assessment tools for strengthened science-policy interface and decision making; Activity 1. Enhance use of socioeconomic analysis and linked tools in the UNEP/MAP system*, Plan Bleu proposes two outputs:

- a. *Output 1. Framework developed to ensure an effective, strategic streamlined use of socioeconomic analysis and linked tools in the UNEP/MAP (2022-2027):* Rather than conducting a number of disparate socio-economic studies, this output aims at proposing a structured framework for the use of socio-economic analyses within the UNEP/MAP-Barcelona Convention system. It would contain tools that are adaptable to the work of the different RACs and streamline the use of socio-economic analysis to become more effective and strategic and facilitate systemic thinking - linking the environmental pillar to the social and economic pillars of sustainable development - throughout the different RACs. The framework would also be articulated with the Plan Bleu's observatory on environment and development;

- b. *Output 2: CPs supported in conducting socio-economic assessment of measures aimed at achieving GES:* This output is intended to continue the work engaged on socio-economic analysis in support of achieving GES in the Mediterranean. Plan Bleu's participation in the EU MSFD working group on programmes of measures – social and economic analysis, as well as the Plan Bleu-led activities under the project “Support coherent and coordinated assessment of biodiversity and measures across Mediterranean for the next 6-year cycle of MSFD implementation (ABIOMMED)” will feed into this output. More precisely, the project ABIOMMED, supported by a grant from the European Commission, will follow a four-step process: (i) information gathering and assessment: ex-post socioeconomic assessment of measures for achieving/maintaining GES in Mediterranean countries; (ii) guidance: providing guidance to Mediterranean countries to support them in improving the use of socioeconomic analysis, particularly ex-post, as a tool for decision-making within the context of the MSFD and the Ecosystem Approach (EcAp) implementation; (iii) further study: conducting an original socioeconomic assessment of a regional measure, relevant for biodiversity descriptors and implemented under UNEP/MAP²; and (iv) stakeholder dialogue: supporting the collection of data and information needed to deliver the tasks above, promoting exchange between practitioners of socioeconomic analysis in the framework of the MSFD and in the Mediterranean and to present, discuss and enrich (preliminary) results achieved.

² The plan/measure will be chosen based on priorities identified by the project's Advisory Board and activity leaders and based on data availability, most likely among the following: Action Plan for the conservation of cetaceans in the Mediterranean Sea, Action Plan for the conservation of Mediterranean marine turtles, Action Plan for the conservation of marine vegetation in the Mediterranean Sea.