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## PROPOSAL

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From: Secretary-General of the European Commission,  
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 18 October 2016

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of  
the European Union

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Subject: COMMISSION STAFF WORKING DOCUMENT EXECUTIVE SUMMARY  
OF THE IMPACT ASSESSMENT Accompanying the document Proposal  
for a Decision of the European Parliament and of the Council on the  
participation of the Union in the Partnership for Research and Innovation in  
the Mediterranean Area (PRIMA) jointly undertaken by several Member  
States

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Delegations will find attached document SWD(2016) 331 final.

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Brussels, 18.10.2016  
SWD(2016) 331 final

**COMMISSION STAFF WORKING DOCUMENT**  
**EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT**

*Accompanying the document*

**Proposal for a Decision of the European Parliament and of the Council**  
**on the participation of the Union in the Partnership for Research and Innovation in the**  
**Mediterranean Area (PRIMA) jointly undertaken by several Member States**

{ COM(2016) 662 final }  
{ SWD(2016) 332 final }

## Executive Summary Sheet

### Impact assessment - Proposal for a Decision of the European Parliament and of the Council on the participation of the European Union in a Partnership for Research and Innovation in the Mediterranean Area (PRIMA)

#### A. Need for action

Water provision and food systems in the Mediterranean area are unsustainably managed. This challenge is being exacerbated by climate change and has important downstream impacts including social and economic stress, instability and external migration.

A key reason for the unsustainable management of water provision and food systems in the Mediterranean area is the lack of a set of common innovative solutions that are adapted to the local realities of the region and easily transferable across it, and have been fully piloted and demonstrated on the ground.

These solutions are not forthcoming because the overall level of R&I investment in the Mediterranean area is not commensurate with the size of the regional challenge; investment levels differ greatly between countries; funding is not well focused on addressing the water and food challenge; the relevant stakeholders involved – for instance private sector ones – do not always have sufficiently strong R&I capabilities; and the R&I and collaboration efforts between EU Member States and Southern and Eastern Mediterranean countries are too scattered (mostly governed by bilateral agreements) to have any significant impact.

#### What is this initiative expected to achieve?

The general objective is to develop the fully piloted and demonstrated common innovative solutions in the field of water provision and food systems that the Mediterranean region urgently needs, thereby making water provision and food systems in the Mediterranean area more efficient, cost-effective and sustainable, and thereby contributing to solving the higher-level problems in the field of nutrition, health, well-being and migration.

This general objective is translated into the following four specific objectives:

- The formulation of a stable, long-term, common strategic R&I agenda in the field of water provision and food systems;
- The orientation of all national R&I programmes towards the implementation of the strategic R&I agenda;
- The structural involvement of all (public and private sector) relevant R&I actors in the implementation of the strategic R&I agenda by pooling knowledge and financial resources so as to achieve the necessary critical mass;
- The strengthening of R&I funding and implementation capabilities of all involved actors.

#### What is the value added of action at the EU level?

The initiative fits fully with the new Partnership Framework with third countries under the European Agenda on Migration as it addresses some of the root causes of migration; is clearly situated at the interchange between research, climate change, environment and agriculture policies; and exemplifies the new development cooperation model championed by the new Partnership Framework insofar as it involves private investors, leverages limited budget resources, and focuses on SMEs and sustainable infrastructure.

Only action at EU level is capable of achieving a well-coordinated and integrated programme reaching the needed scale, scope and critical mass to deliver on the specific and general objectives. Action at EU level is characterised by a strong leverage effect as it mobilises significant additional public and private investment. It also generates impacts that go beyond R&I policy and solutions, thus supporting the EU's external policies and efforts to address the root causes of migration. The involvement of the EU in PRIMA is also likely to strengthen Europe's visibility and global responsibility, in the spirit of the EU Neighbourhood Policy, which encourages differentiation and greater mutual ownership with neighbourhood partners.

#### B. Solutions

#### What legislative and non-legislative policy options have been considered? Is there a preferred choice or not? Why?

**Option 0: No policy change - Baseline scenario** - Horizon 2020 will continue supporting topics on Water and Food issues in general on an *ad hoc* basis. It is unlikely that dedicated initiatives aimed at integrating Mediterranean R&I systems would be launched. Individual actions would typically last 3-4 years. Impact would be limited. This is not the preferred option.

**Option 1: ERA-NET Cofund action** – The main activity under Horizon 2020 would be the implementation of a single (or a series) of co-funded joint call for proposals per action resulting in the funding of trans-national

research and/or innovation projects. Individual actions would typically last 5 years. It would not allow for addressing substantially the innovation dimension, since the national programmes that would collaborate and coordinate their activities are mainly addressing research activities of public research organisations. Option 1 is not expected to integrate national funding programmes in a common research strategic agenda. This is not the preferred option.

**Option 2: PRIMA Joint Programme based on Article 185 TFEU** – It enables the EU to make provision for its participation in research and development programmes undertaken by several Member States, including participation in the structures created for the execution of those programmes. Article 26 of the Horizon 2020 Framework Programme Regulation specifies the conditions and criteria for identifying and proposing an initiative pursuant to Article 185 TFEU. Among other criteria, Article 185 initiatives may only be proposed by the Commission in cases where there is a need for a dedicated implementation structure and where there is a high level of commitment of Participating States to integration at scientific, management and financial levels. This option comprises the formulation of a comprehensive strategic research agenda and its complete implementation through multiple transnational calls for proposals, undertaken by several PS and implemented through a dedicated implementation structure (DIS-funding body). This is typically a long-term commitment (10 years). The EU would provide financial support, by matching national investments. This option is the one best situated to achieve the specific and general objectives and notably the realisation of a number of pilots and demonstrators in strategically important areas related to water provision and food systems. It takes full account of all lessons learned - with respect to the management of the EU financial contribution, the achievement of impact, etc. – from the implementation of past and on-going Article 185 initiatives. This option is also designed so as to ensure sound financial management and to protect the financial interests of the European Union through adequate ex-ante checks, financial reporting, and ex-post verification.

#### Who supports which option?

From the on line Stakeholder consultations, **Option 2** is considered to represent the optimal policy option. According to the Expert Group, as stated in its report, **Option 2** is also considered representing the most favourable policy option.

From a broad policy perspective, the option to prioritize must be commensurate with the importance of the problem to tackle and its acuteness, the need to address it in earnest and without delay, and the ambition and commitment of the participants to devote sufficient resources and collective attention to ensure a successful outcome. In this perspective, due to a potentially higher level of **effectiveness** for achieving the identified objectives, a better **efficiency** of implementation, and more **coherence** with other policies and programmes, Option 2 appears the most adequate, although not exempt from a number of risks which would have to be properly mitigated.

### C. Impacts of the preferred option

#### What are the benefits of the preferred option (if any, otherwise main ones)?

The preferred Article 185 option will achieve the rapid integration of national R&I programmes and activities in the Mediterranean area. It will ensure the efficient and effective delivery of fully piloted and demonstrated, common innovative, integrated solutions for the sustainable management of water provision and food systems. It will provide greater opportunities for SMEs and other companies in the food and water sectors in the Mediterranean area. It will have large-scale positive environmental impacts. It will improve the livelihoods of farmers. It will produce sizeable positive economic impacts. It will improve nutrition and health for the people of the Mediterranean area. And it will contribute to greater political stability and reduced internal and external migration.

#### What are the costs of the preferred option (if any, otherwise main ones)?

The initiative requires investing 200 million EUR from Horizon 2020 over the 10-year duration of the PRIMA Joint programme. This EU financial contribution matches a similar amount committed by the Participating States (PS). A clear division of labour will be established between the EU financial contribution and the financial contribution from the PS. The EU financial contribution will be focused mainly on the R&I activities at higher technology readiness levels in the form of support with the needed critical mass for a limited number of strategically chosen pilots and demonstrators. National financial contributions will be focused on R&I activities at lower Technology Readiness Levels, on mobility and training actions, on networking activities, etc. The Annual Work Plans will ensure the consistency between all activities and their orientation towards the achievement of the operational, specific and general objectives.

#### How will businesses, SMEs and micro-enterprises be affected?

The initiative will provide businesses, SMEs and micro-enterprises in the Mediterranean area, in particular those in the water and food sectors, with greater economic opportunities. In the Mediterranean area, Micro, Small and Medium Enterprises constitute a key economic and employment driver. Food industry SMEs account for a large

share of the total number of SMEs and have much innovation potential. According to the PRIMA Expert Group, half of the food SMEs would be able to perform innovation activities, enabling them to become involved to a much greater extent in for instance food industry value chains.

**Will there be significant impacts on national budgets and administrations?**

Under the initiative, Participating states would contribute EUR 200 million. The initiative would fully involve public sector stakeholders in all PS, including ministries, agencies and other funding entities within EU and non-EU countries that have an interest in the problems confronting the Mediterranean area in the domain of water provision and food systems. Knowledge transfer and skill creation is considered a direct impact of the implementation of Option 2, as it implies the set-up of a new and integrated *modus operandi* towards the Mediterranean region in R&I.

**Will there be other significant impacts?**

The impacts of the Article 185 option are wide-ranging and comprise R&I, industrial, environmental, agricultural, nutritional, health, political and migration impacts. .

**D. Follow up**

**When will the policy be reviewed?**

In case of an Article 185, effectiveness should be evaluated at both programme level (focusing on whether the overall objectives have been achieved) and national level (focusing on individual countries goals). An interim and a final independent evaluation are foreseen. The conditions and data requirements for these evaluations need to be specified at the start of the Article 185 initiative.