EN

ANNEX 6

Of the Commission Implementing Decision on the 2020 Annual Action programme for the Partnership Instrument

**Action Document for EU-China cooperation on environment and green economy, phase II**

1 **Key Identification Data**

<table>
<thead>
<tr>
<th>Title of the Action</th>
<th>EU-China cooperation on environment and green economy, phase II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country/region/global</td>
<td>China</td>
</tr>
<tr>
<td>Sector of intervention</td>
<td>Environment</td>
</tr>
</tbody>
</table>
| Indicative budget | Total: 1 850 000 EUR  
EC contribution: 1 850 000 EUR  
Other contributions: N/A |
| Duration and target start date of implementation | 36 months  
Indicative start date: 1st quarter 2021 |
| Method of implementation | Direct management - Procurement |
| DAC code(s) | 41010 - Environmental policy and administrative management |

**Markers**

<table>
<thead>
<tr>
<th>Markers</th>
<th>General policy objective</th>
<th>Not targeted</th>
<th>Significant objective</th>
<th>Principal objective</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Participation development/good governance</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Aid to environment</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Gender equality</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Trade Development</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**RIO Convention markers**

| Biological diversity | X | | |
| Combat desertification | | | |
| Climate change mitigation | | X | |
| Climate change adaptation | X | | |
2 RATIONALE AND CONTEXT

2.1 Action summary
The overall objective of this action is to improve the level playing field between the EU and China on environmental requirements through reinforcing EU-China policy dialogues and cooperation in the field of environment and stimulate green/circular economy.

The project "EU-China cooperation on environment and green economy" running from January 2018 until December 2020 was and is still instrumental in supporting enhanced cooperation in line with EU-China Summit Statements, as well as outcomes of the EU-China Ministerial Dialogue on Environment Policy. Following the positive results of this project and the continued constructive EU-China Dialogue a second phase is considered necessary. EU-China environmental cooperation has also deepened and broadened over the last years. It now covers an Environmental Policy Dialogue, a Water Policy dialogue (supported by the China-Europe Water Platform) and a Circular Economy dialogue. Structural collaboration with the Ministry of Natural resource to address timber legality issues has also been strengthened. This second phase of the project will ensure support to these Policy Dialogues beyond 2020, facilitating the exchange of information and expertise on environmental issues. This will also be in line with the EU policy priority for a “European Green Deal” that will certainly play a key role in future Dialogues.

2.2 Background/Context/Rationale for PI funding
The Chinese government continues to consider greenization (environmental integration or mainstreaming) and green development as priorities. The 13th Five Year Plan adopted in March 2016 provides a very strong push across government at national and local level for environment and green development. China will be experimenting with new policy approaches and solutions that will have implications outside China. Policies supporting green growth and promoted by the EU such as the Circular Economy are also expected to keep gaining importance in the upcoming 5 years plan due to the increasing need for China to bridge environmental protection and economic growth.

In 2018, the concept of ecological civilisation was included in the amended Constitution of the People’s Public of China. China’s work on environment policy is now presented in 3 steps: (1) the battle against pollution (air, water, soil), to be achieved by 2020, (2) a beautiful China (ecological protection) by 2035 as a step towards, (3) an ecological civilisation to be achieved in 2050 where humans and nature co-exist in harmony.

Notwithstanding progress made so far, China faces both a huge implementation challenge at provincial and local level, but also difficulties in transforming its resource and energy intensive economic model while also accommodating expectations of a growing affluent society. Therefore, China remains interested in cooperating with the EU on a range of environmental issues. EU’s environmental cooperation with China has deepened and broadened over the last years covering Environmental Policy (biodiversity, pollution, chemicals, governance), Circular Economy, Water and Forests/Wildlife.

At the same time, with its massive global environmental footprint and significant activities in third countries that could affect the environment (e.g. Belt and Road Initiative), China is an increasingly important player to tackle global environmental challenges (biodiversity loss, resource pressure, pollution, ocean governance, climate change). China is more and more assertive in global environmental governance. However, its ambition to tackle domestic challenges is not yet matched by an equally strong commitment to take ambitious international commitments and to reduce its global footprint.

The 2018 reorganisation of the Ministry of Ecology and Environment (MEE) increased the scope and responsibilities of this institution. The MEE is now also in charge of addressing climate change, carrying out central ecological and environmental inspections, overseeing ecological and environmental law enforcement, and fully implement air, water, soil and waste action plans. Despite
this reorganisation, other Ministries such as the National Development and Reform Commission (a
uper-ministry in charge of overall economic planning which comprises the Circular Economy), the
Ministry of Natural Resources (in charge of Forests but also protection of species under CITES) and
the Ministry of Water remain important partners to ensure the achievement of EU environmental
objectives in relation with China.

2.3 Lessons learnt
Experience in China has shown that the most successful projects are those where there is keen buy-in
and interest from the Chinese side. This project is clearly addressing a joint priority and so its chances
of success are high. Earlier projects, like the EU-China Biodiversity Programme (ECBP) or the China
Europe Public Administration Programme (CEPA), and the current EU-China cooperation on
environment and green economy project, have shown that linking a series of well targeted studies,
workshops and study visits to a national level policy component can be a very effective setup.

The current EU-China cooperation on environment and green economy project has proven very useful
to support the ongoing political dialogue on environment between China and the EU. Targeted
collaboration (through studies, workshop and expert groups resulting in policy recommendations) on
specific policies such as permitting, integrated green economy, biodiversity and plastic has proved to
be an effective way to ensure continuous exchange in preparation and follow-up of the high-level
(environment) policy dialogue. The combination of both political and technical streams has proven
instrumental to ensure an effective impact on policies designed by the central government in China.

We also learned that collaboration should be developed with the different ministries and at adequate
levels of responsibility to cover both the technical and political dimension of the different issues.
Collaboration across ministries should obviously be encouraged but will remain difficult in coming
years due to the much segmented responsibilities and deeply embedded silo culture. Therefore it will
be necessary to engage into several processes with different ministries. Within each ministry,
collaboration should be coherently implemented from Division Director to Ministerial level as policy
development often follows a bottom up process. Technical dialogue should therefore prepare the
ground for effective political dialogue where remaining issues can be discussed and decisions taken.

Collaboration shall also address the implementation of policies (and not only their design) as the
discrepancies between the central government’s plans and the reality of provincial implementation is
often considered as one the main issues by both academics, NGO's and central authorities.

In any case the collaboration shall also take into consideration the broader context that can strongly
influence the pace of a policy development. It is therefore important to work with a short, medium and
long term objective that will be able to absorb and adapt to economic and political evolutions. The EU
Green Deal recently released by the European Commission provides a good compass to plan future
action and ensure alignment with EU political priorities.

2.4 Coherence and complementarity
Actions will be coherent with priorities agreed through EU-China policy dialogue and other relevant
strategic meetings and framework (summits outcomes, cooperation agendas, etc.).

In the area of green economy, complementarity will be sought with ongoing activities supported by the
EU in China, in particular other FPI funded projects such as the EU-China collaboration on
establishing an Emission Trading System (ETS) in China, and the Strategic Partnership for the
Implementation of the Paris Agreement (SPIPA) on climate dialogue, the EU-China Cooperation
project on Wildlife Protection, the Natural Capital Accounting And Valuation Of Ecosystem Services
Project and the Economics of Ecosystem and Biodiversity (TEEB) project, as well as the regional
project on Marine Litter and Circular Economy. Coordination with DG DEVCO’s policy dialogue and
development cooperation approach as well as with specific activities such as SWITCH Asia and
DEVCO’s blending interventions needs to be facilitated during implementation. Coherence with EU
Member States activities will also be ensured through regular coordination meetings organised by the EU Delegation.

The China Europe Water Platform covers activities related to the availability of water resources working with the Chinese Ministry of Water Resources. The Environmental Policy Dialogue also addresses the work led by the MEE on protection of water quality. This project may address issues in this context not addressed by the CEWP and strengthen cross ministerial collaboration.

Finally the action is fully consistent with the priorities of the Commission, in particular the new Green Deal.

2.5 EU added value
As one of the objectives of the project is to improve the level playing field between the EU and China on environmental requirements by stepping up environmental protection in China by, it is necessary to base this action on an homogenous set of rules and policies developed at EU level (the EU Environmental policies).

The vast majority of environmental policies on which this action will be based are therefore based on EU legislation. The EU staff – some of whom participated in the design of those policies - is therefore well placed to engage in dialogue and promote those policies.

2.6 Cross-cutting issues
Main cross cutting issue are the protection of the environment (air, water, soil quality and waste management), protection of biodiversity and circular economy. All those also contribute to the mitigation of climate change.

3 ACTION DESCRIPTION

3.1 Objectives
The overall objective of this action is to improve the level playing field between the EU and China on environmental requirements through reinforcing EU-China policy dialogues and cooperation in the field of environment and stimulate green/circular economy. This action will follow-up on joint priorities agreed with China in the various dialogues and summits and facilitate the operationalisation of those priorities into concrete joint activities.

By strengthening collaboration and increasing understanding of policy and policy context we also intend to build a partnership that will allow the EU and China to push together for more ambitious multilateral solutions on environmental matters.

The specific objectives of the proposed action are to support follow-up to political commitments through:

• Greater regulatory convergence for environmental regulations with EU standards
• Development of higher environmental standards and new green approaches in China that would allow environmental goals to be met and should create new opportunities for green technologies and solutions;
• Joint development of innovative and ambitious approaches to support environmental quality and green growth;
• China's achievement of its international environmental commitments and contribution to set higher targets where needed in close collaboration with the EU.
• Identification of environmental areas where EU expertise from private and public sector can provide and added value and stimulate collaboration in those areas with EU businesses and non-profit sector.
The following **main indicative activities** will be considered for support, in line with the priorities and decisions jointly agreed by the EU and China in the context of the relevant policy dialogues:

1) In-depth studies will be conducted, on issues to be agreed by the Commission and Chinese counterparts based on the priorities agreed in the Policy Dialogue.
2) Short papers will be produced on hot/topical and emerging issues, experience from EU and China policy in the areas highlighted above of pollution prevention and control, environmental governance, biodiversity, green growth and circular economy
3) An adequate mix of training and collaborative activities (such as experts meeting, workshops, conference, study visits) in China and in EU to ensure the implementation of the activities identified in preparation and follow-up of the Policy Dialogue.
4) Organisation of a seminar with Chinese and European stakeholders to present the final results of the action. Interim report will also be produced to feed into upcoming policy dialogues.

**Expected results and main activities:**
The action will support the EU-China Policy Dialogues, encouraging the promotion of good practices and environmental standards of the EU and propose concrete activities to increase convergence between the EU and China on environmental governance.

To achieve the objectives set above the project will work towards producing the following expected results:
(i) Improve reciprocal understanding of EU and CN environmental policies to ensure a fruitful dialogue at political and technical level.
(ii) Promotion of European policies and standards, best practices and experiences in environmental governance, regarded as potentially relevant for the Chinese context by EU and Chinese authorities
(iii) The Circular Economy approach is boosted and implemented in China via promoting regulatory convergence and innovative technical solutions.
(iv) Identification of further technical and economic opportunities of collaboration, including EU-China private sector collaboration.
(v) Enhanced EU-China Policy Dialogues related to environment with ministries of Environment, NDRC, Water and Natural Resources through the implementation of activities agreed in the framework of this dialogue;

**3.2 Stakeholders**
Chinese Ministries of Environment (MEE) and Water (MWR), NDRC and Natural Resources.
Chinese civil society who will benefit from improved policies.

**3.3 Risk assessment and management**

<table>
<thead>
<tr>
<th>Risk description</th>
<th>Risk level (High, Medium, Low)</th>
<th>Mitigating measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low engagement of Chinese counterparts (authorities)</td>
<td>Low</td>
<td>Strong alignment between technical work and agreements/outcomes from high level political dialogue.</td>
</tr>
<tr>
<td>Limited flexibility of Chinese counterparts with regards to the definition of area of collaboration</td>
<td>Medium</td>
<td>Ensure close dialogue and reciprocal awareness on key environmental issues to be addressed.</td>
</tr>
<tr>
<td>Lack of willingness for participation / contribution from the private sector</td>
<td>Low</td>
<td>Involvement of private sector stakeholders in consultations, workshops and study tours</td>
</tr>
<tr>
<td>Limited access to information</td>
<td>Low</td>
<td>Build on the existing large network of academic and think tanks</td>
</tr>
</tbody>
</table>
3.4 Communication and EU visibility
Communication and visibility of the EU is a legal obligation for all external Actions funded by the EU.

This Action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

Appropriate contractual obligations shall be included in, respectively, the procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action\(^1\), which came into force on 1 January 2018, shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

4 IMPLEMENTATION ARRANGEMENTS

4.1 Method of implementation

4.1.1. Procurement (direct management)

The project will be implemented through the procurement of services, either by extension of the current service contract as foreseen in AAP 2016, or by launching a call for tender. The indicative timetable for the call for tender, should this option be selected, is 3\(^{rd}\) Quarter 2020.

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.\(^{[1]}\)

4.2 Indicative budget

<table>
<thead>
<tr>
<th>Method of Implementation</th>
<th>Amount in EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement (direct management)</td>
<td>1 850 000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1 850 000</strong></td>
</tr>
</tbody>
</table>

4.3 Organisational set-up and responsibilities

A Project Review Committee (PRC) will be established from the start of the project to review the work of the contractor under the project and ensure information exchange across EU and CN stakeholders.

It will be made up of three individuals on the EU side (a representative of the Partnership Instrument, the Environment and Climate Counsellor or representative from the EU Delegation, a representative of DG Environment) and three individuals on the Chinese side representing the authorities involved into the scope of the project (such as a representative of the MEE, a representative of the NDRC and a representative of MWR or MNR). The participating individuals may vary from year to year according to the project evolution.

\(^{[1]}\) [www.sanctionsmap.eu](http://www.sanctionsmap.eu) Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.
The chair of the PRC meetings will be shared by the EU and China. Observers may be invited as well, subject to agreement from the PRC. The contractor will be represented by both the Key expert 1 and Key expert 2.

The PRC will meet once every year to review activities over the previous year and agree actions for the next year. Participant will preferably be physically present but the meeting can also be organised through Video Conference.

4.4 Performance monitoring

The day-to-day technical and financial monitoring of the implementation of this Action will be a continuous process and part of the implementing entity’s responsibilities. To this end, the implementing entity shall establish a permanent internal, technical and financial monitoring system for the Action and elaborate regular progress reports (not less than annual) and final reports.

Every report shall provide an accurate account of implementation of the Action, difficulties encountered, changes introduced, as well as the degree of achievement of its results. The progress and final reports shall provide quantified and qualitative data in relation to the logical framework indicators which will include relevant indicators from the list of core and corporate indicators.

The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the Action. The final report, narrative and financial, will cover the entire period of the Action implementation.

The Commission may undertake additional Action monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

4.5 Evaluation and audit

For this Action, the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this Action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the “N+1” rule applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.4. above, will be funded from sources other than those allocated to this specific Action.