

SYNTHESIS of DISCUSSIONS

Plan Bleu Workshop **Harmful Subsidies and the Mediterranean: Balancing Environmental Sustainability, Economy, and Equity**

January 30th 2024 Marseille (France) and online

*synthesis by **Pauline Simon, Christelle El Selfani and Constantin Tsakas***



Introduction

- As stressed by Guillaume Sainteny, President of Plan Bleu, environmental harmful subsidies are a subject of vital importance at Plan Bleu, on which it plans to continue working-on structurally. This is a topic that emerged a few years ago, pushed by institutions such as the OECD, the IMF, WB, UNEP/MAP, UNDP, and the EU. This is due to the fact that the amounts of these subsidies are significant, especially for fossil fuels. Depending on the way they are measured, they may reach 5,300 billion US\$ and their cost is increasing.
- He added that with their elimination, a quarter of CO2 could be reduced, along with significant associated benefits. Public support may sometimes be legitimate (protecting strategic sectors), but the way of providing support can evolve. Different ways to compensate exist, some successfully preserving the purchasing power of households. In response to the current challenges, Plan Bleu's work program emerges as a comprehensive initiative. It aims to dissect harmful subsidies, provide evidence-based policy recommendations, and raise awareness among policymakers and stakeholders.
- Following the opening, Constantin Tsakas, Program Officer on Socio-Economic Analysis and Blue Economy at Plan Bleu, presented how the policy papers that were selected by Plan Bleu, cover diverse and complementary subthemes, including fishing, tourism, energy, water, social inclusion, and monitoring issues. He stressed that these papers, selected through the open Call for Submissions, are designed to communicate recommendations effectively, driving action for subsidy reform. He presented each individual paper and gave the floor for the authors' to present their first drafts, which will be finalized after the event.



Paper 1. Fishing subsidies and their impacts on marine ecosystems in Türkiye: The past, present and future (Nazli Demirel, Pinar Ertör-Akyazı, Taner Yıldız)



Abstract: This paper examines the intricate relationship between fishing subsidies and their impact on the marine ecosystems of Türkiye, with a focus on identifying subsidies contributing to overfishing, overcapacity, and unsustainable practices. Addressing a significant knowledge gap in localized understanding, especially in Mediterranean regions, the study provides unique insights into the complexities of the Turkish fisheries sector.

Comment Received : The paper is well structured, and offers a good view of the intricate relationship between fishing subsidies and their impact on the marine ecosystems of Türkiye, with a focus on identifying harmful subsidies. It shows how current reliance on capacity-enhancing subsidies and ineffective management plans has resulted in overexploitation of marine

resources. It ultimately proposes a shift from these subsidies to those promoting conservation and responsible fishing practices. It offers a comprehensive set of recommendations, but could also benefit from some additions.

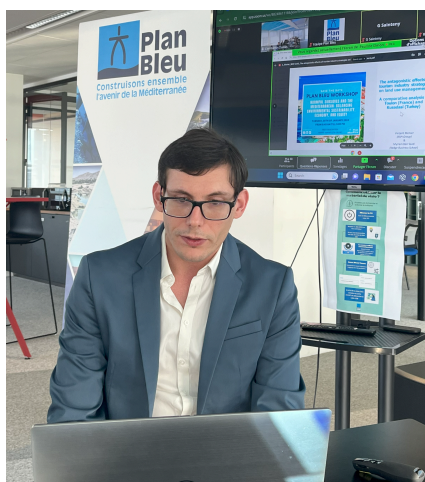
Q & A synthesis

- In response to a query about the classification of subsidies, the author provided a detailed explanation, emphasizing the need for a shift from capacity-enhancing subsidies to those focused on preserving biodiversity and the environment. The author acknowledged the existence of such subsidies but stressed the importance of their scale, suggesting the necessity for greater efforts in this direction. Constantin Tsakas also probed whether the classification could extend beyond overfishing to include variables such as the environment, climate change, and inclusiveness.
- Rym ben Saad raised an important question regarding the gap between developed and developing countries concerning beneficial subsidies. The author shed light on the challenges of data accessibility for developing countries, particularly in the context of her research on Türkiye. The transparency issue became apparent, as she highlighted that developed countries generally provide more detailed and convenient data, influencing the ability to analyze subsidy types effectively.
- Addressing Samir Maliki's comments on international agreements for fishing, the impact of subsidies on fishing practices, and the prevalence of informal activities in Türkiye's fishing sector, the author linked these aspects to the types of subsidies provided. Constantin Tsakas further probed into the implicit message conveyed by subsidies, particularly when fishing outside a country's Exclusive Economic Zone (EEZ), prompting the author to acknowledge the complexities involved, such as the technological and quality differences in industrial fishing vessels.
- Arnaud Terrisse (Plan Bleu) delved into the presence of foreign vessels in Türkiye's waters and queried if subsidies were linked to this phenomenon. The author found the question

intriguing and expressed a commitment to further investigate this aspect, showcasing her openness to exploring additional dimensions of the issue.

- Karine Moukaddem's concerns about potential job losses during the transition from harmful to beneficial subsidies also prompted the author to emphasize the importance of long-term data to understand ecological changes. She underscored the challenges in observing immediate impacts and the need for ecological, local data for a comprehensive analysis. Constantin Tsakas added questions about Türkiye's subsidy policy compared to similar development level countries and the types of smarter policies that could be adopted.
- A query from the audience online focused on the EU reform that led to the shift in subsidies. The author provided a succinct timeline, highlighting the 2013 reform and the recent agreement between the World Trade Organization and the European Commission in 2023. Constantin Tsakas brought attention to the international cooperation aspect.
- Samson Bellières's (Plan Bleu) inquiry about the link between subsidies for aquaculture and fisheries prompted the author to acknowledge the importance of the question. She revealed her marine biology perspective and the paper's focus on fisheries but expressed a willingness to explore the relationship further and potentially incorporate it into the paper.
- Antoine Lafitte's (Plan Bleu) comments emphasized the necessity for new governance in fisheries, skill development, and the environmental impact of fishing practices. He suggested exploring collaboration through international organizations, prompting the author to consider how these organizations could contribute to enhancing cooperation and influencing subsidy phasing-out efforts.
- Finally, a question from the audience about the criteria for defining sustainable and unsustainable fishing practices prompted the author to admit the ease of explaining ecological progress but the complexity in defining social sustainability. She expressed a commitment to addressing this challenge in the paper, recognizing the need for a nuanced approach considering both ecological and social dimensions.

Paper 2. The antagonistic effects of tourism industry strategies on land use management: A comparative analysis of Toulon (France) and Kusadasi (Türkiye) (Vincent Monier and Myriam Ben Saad)



Abstract : The aim of this article is to highlight the impact of two different tourism policies, using both geographical and economic approaches. By looking back at the development of local tourism in these two areas, the aim of this article is to show, beyond changes in land use, how the same sector of activity - tourism - can produce different environmental risks.

Comment Received : In its current version, the text provides extensive details on environmental strategies and preservation efforts in Toulon and Kusadasi. The study proposes a reorientation of

tourism priorities to focus on positive impacts. But it doesn't offer specific information on tourism subsidies. You need to tackle this and considerably strengthen this part, and I expect you will, as you have planned a validation of the results using semi-structured interviews, supplemented by an analysis of the governance of tourism policies in Toulon and Kusadasi, to assess the quality (harmful or beneficial) of the tourism subsidies.

Q&A synthesis

- The authors engaged in a discussion about their paper on the modeling of land use changes in Toulon and Kusadasi with a focus on climate change and tourism. Constantin Tsakas commended the detailed spatial analysis but raised the absence of subsidies in the paper, urging the authors to categorize and address them. An approach could be to provide examples of subsidies that are known to contribute to environmental degradation in the tourism sector. Then, analyze the specific environmental consequences of the identified subsidies on land management (long-term and cumulative effects of environmentally harmful tourism subsidies on it). Then evaluate the economic implications of such subsidies, including their cost-effectiveness, return on investment, and overall economic sustainability. Finally, examine existing policies and identify gaps and areas for improvement in current regulatory frameworks. The viewpoints of various stakeholders, including government bodies, tourism industry representatives, local communities should also be considered. All this can allow to make informed recommendations. The authors acknowledged the need to better incorporate subsidies in their paper, emphasizing their role in influencing land use changes.
- Robin Degron, Director of Plan Bleu, highlighted the importance of considering climate change scenarios, emphasizing the need for hypotheses to model the development of tourism in the Mediterranean. The authors acknowledged the severity of the situation and explained the impact of temperature changes on land use, showcasing scenarios for Kusadasi and expressing concerns about the potential consequences for ecosystems and tourism.
- The authors also discussed the modelization approach using a Markov Chain and the need to evaluate trends in Toulon and Kusadasi. Rym Ben Saad inquired about the construction of the Markov Chain, leading Constantin Tsakas to request an explanation of the Markov Chain for non-specialist readers. The authors explained the database, the classification of land use, and the incorporation of climate change scenarios into the model.
- Antoine Lafitte raised questions about the positive impact of subsidies, mentioning the improvement of buildings as an example. The authors clarified that it referred to energy reduction.
- Jeremie Fosse expressed concerns about mixing grants and subsidies, suggesting a focus on subsidies that affect tourism activities directly. Constantin Tsakas emphasized the importance of clearly defining and classifying subsidies and provided guidance on how to enhance the paper by evaluating economic implications and gathering stakeholder perspectives. The authors discussed the necessity of classifying subsidies and linking them to the impact on land use.
- Sevil Acar also raised questions about the table presented, urging clarification on the link between subsidies and ecological outcomes. The authors explained the index comparing France and Türkiye, highlighting the lack of climate policy at the local level in Türkiye. The authors emphasized the need to make the link between national and local contexts.
- Constantin Tsakas suggested linking subsidies to the territorial approach in France and the more top-down nature in Türkiye.

- Nazli Demirel brought up the environmental impact assessment process and questioned if it could be considered a harmful subsidy. The authors acknowledged its impact on tourism activity, especially in areas like Kusadasi with national parks, revealing the complex interplay of political elements. Constantin Tsakas appreciated the point, highlighting its importance.

Paper 3. Addressing The Link Between Fossil Fuel Subsidies And Climate Change In The Mediterranean Region (Sevil Acar)



Abstract : This study focuses on fossil fuel subsidies (FFS) in the Mediterranean region, examining their impact on CO2 emissions using the OECD inventory. Despite limited historical emphasis on fossil fuel production, many countries provide significant state incentives to the sector. The research also analyzes coal subsidies in Türkiye, aiming to reveal their correlation with CO2 emissions. Anticipated results suggest FFS may escalate CO2 emissions, challenging climate change mitigation. The study aims to guide policymakers in refining tools for climate mitigation and promoting a transition to renewable energy in the region.

Comment Received : Well structured paper, with a clear narrative. The policy recommendations part is the one that could be strengthened with more detailed and actionable policy recommendations. This could involve suggesting specific steps for the gradual elimination of fossil fuel subsidies, addressing potential socio-economic impacts resulting from subsidy elimination, leveraging lessons learned from successful international examples...

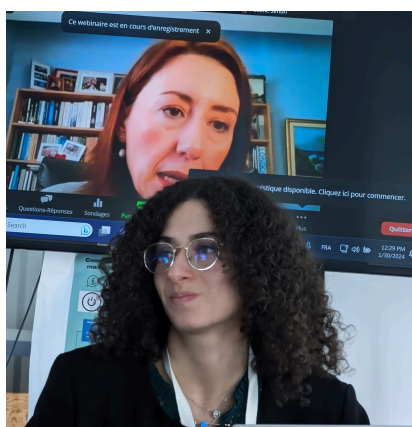
Q&A synthesis

- Constantin Tsakas acknowledged the well-explained objectives and suggested a more detailed focus on policy recommendations. He emphasized the importance of specific steps for phasing out FFS and addressing potential socioeconomic impacts. He sought clarification on the counterintuitive finding that FFS to consumers had a higher impact on emissions than those to producers. The author clarified that, in the studied countries, consumers were the primary recipients of subsidies, contributing to the negative environmental impact, and emphasized the need for further analysis.
- A participant raised a question about the variation in FFS among countries and its impact on climate change. Sevil Acar responded by highlighting the econometric analysis, indicating substantial subsidies in France and Italy and lower ones in Slovenia. She pointed out that, on average, FFS had a positive impact on emissions across the region.
- A participant raised a crucial comment on interpreting tax expenditures, to which the author responded by acknowledging the difference and specifying that her analysis focused on direct budgetary spending, not tax expenditures.
- Jeremie Fosse inquired about considering the social impact in the phase-out of FFS, and the author clarified that the paper primarily focused on climate change, leaving room however for addressing social impacts in future work.
- Nazli Demirel brought up the geopolitical situation between Ukraine and Russia, expressing concern about its impact on energy security and climate change. The author acknowledged

the challenges posed by the situation, expecting a temporary slowdown in the transition to greener options for energy generation and emphasizing the need to resume efforts.

- Karine Moukaddem questioned the data from the Organisation for Economic Co-operation and Development (OECD), asking if it was deflated subsidies. The author clarified that the data were nominal, and she used GDP data in constant prices, providing insights into the methodology employed.
- Constantin Tsakas suggested adding a summary table at the end of the paper, classifying FFS based on significance levels, something which the author shall incorporate in the finalized version.

Paper 4. Female labor inclusion and energy policies in the Mediterranean countries: Evidence from a mixed methodology approach (Stella Tsani, Chrysoula Chitou, Karine Moukaddem, Valentina Dedi)



Abstract : This study explores the interplay between energy policies and female employment in the Mediterranean region, emphasizing subsidies and local job initiatives. Employing a three-step methodology involving literature review, empirical assessment, and a case study in Greece, the research uncovers a knowledge gap regarding the

connection between energy subsidies and female employment in the region. Empirical findings reveal adverse associations between hydrocarbon subsidies and female labor force participation.

Comment Received : The paper extensively examined the integration of women into the energy industry in the Mediterranean, emphasizing the impact of energy subsidies, specifically fossil fuel ones. The methodology is multi-faceted and the results clearly suggest that these subsidies amplify gender disparities within the energy workforce and that there is urgency of reassessing energy subsidy strategies in the Mediterranean. The current draft needs however to strengthen the policy recommendations part.

Q&A synthesis

- The paper's multifaceted approach was praised, with Constantin Tsakas acknowledging the generosity of the authors in covering a breadth of topics that could have been split into two separate papers. He commended the extensive coverage of the impact of energy subsidies and the sound methodology employed. However, he also suggested a focus on strengthening the policy recommendations section and sought concrete examples where gender-inclusive approaches had been effectively implemented worldwide.
- The audience raised a question regarding the disaggregation of data based on different types of companies in the energy sector. The authors clarified that the analysis relied on aggregated

data from the International Energy Association, lacking specific company-level data for further granularity.

- Samir Maliki brought attention to the use of the female unemployment rate as an independent variable, proposing the exploration of additional statistics related to women working from home and education levels. The authors acknowledged the complexity of including such variables but expressed a willingness to explore the impact of the informal sector on female inclusion.
- Sevil Acar inquired about the chosen databases for rates or levels, emphasizing the limited data available on the OECD database for certain countries. She also suggested including variables related to care and household facilities, highlighting their potential influence on female employment rates.
- Constantin Tsakas urged the authors to elaborate on the mechanisms for monitoring female labor force participation and encouraged a deeper linkage to the Plan Bleu - UNEP/MAP mandate for increased relevance. The authors explained that monitoring mechanisms could range from education and labor market connection to legislative implementation, intending to provide more detailed examples in the revised paper.
- Rym Ben Saad questioned the possibility of extending the study to a larger area, to which the authors responded positively, expressing the intention to apply the same approach at national and regional levels and globally. Constantin Tsakas suggested potential synergy between different research teams.

Paper 5. Fueling Algeria's Future: Measuring the Footprint of Fossil Fuel Subsidies on The National Duality of "Water Stress-Energy Consumption" Research topic: energy subsidies, water stress, and energy consumption (Hadjer Bouilila)



Abstract : This policy paper addresses the urgent need to evaluate the impact of harmful subsidies on the environment and socio-economic conditions in southern Mediterranean countries, focusing on Algeria. Using a structural vector auto-regressive model, the study examines how government subsidies on fossil fuel production affect water scarcity and local energy consumption. The results indicate a significant influence of these subsidies on both water stress and energy consumption, establishing a causal relationship. The research aims to provide the Algerian government with informed decision-making strategies.

Comment Received : The content is valuable, but the paper would benefit from thorough proofreading for clarity and coherence. The literature review is comprehensive, but discussing the gaps or limitations in previous studies would strengthen the justification for this research. The methodology section is detailed and well-explained. However, it might be too technical for readers not familiar with econometric models. Simplifying the explanation or providing a brief overview of the SVAR model's relevance to this research could be helpful. The empirical results section is well-structured, but it would benefit from a clearer explanation of the implications of the findings for policymakers and stakeholders in Algeria.

Q&A Synthesis

- Constantin Tsakas commended the paper's strong methodological foundation, particularly the use of the VAR model. However, he requested clarification on why this specific model was chosen and highlighted the typical limitations associated with VAR models, such as assuming predetermined variables and potential bias in the presence of simultaneity. The author explained that the VAR model was selected to capture the interconnectedness of various variables in response to fiscal policy tools. She acknowledged the limitations and expressed the intention to explore other models in future research.
- Rym Ben Saad inquired about the line of aggregation for variables, prompting Hadjer to explain her focus on the relationships between fossil fuel subsidies, water stress, and energy consumption due to their strong interconnectedness in the Algerian economy.
- Sevil Acar raised questions about Algeria's oil dependency, subsidy types, and data availability. The author clarified that Algeria is oil-import-dependent, and subsidies cover various sectors, including oil, coal, gas, electricity, and water. Quarterly data for subsidies was obtained by transforming yearly data using a software assumption.
- Vincent Monier suggested running the model with the proposed policy recommendations to observe their impact on subsidies, encouraging a positive effect that could counterbalance harmful subsidies. The author expressed interest in exploring this aspect further.
- Constantin Tsakas emphasized the need for more detailed policy recommendations, urging the author to specify how Algeria could invest in renewable energy sources and implement tax incentives for water-efficient technologies. The author shared information about ongoing projects in Algeria, such as a solar station and green hydrogen initiatives. Constantin Tsakas encouraged further exploration of various policy instruments for Algeria.
- A participant offered a cautionary note, advising careful consideration of the holistic impact of policy recommendations, especially regarding agricultural lands and potential negative externalities.
- Aldo Ravazzi Duval (Plan Bleu) provided insights into the broader context of poverty alleviation, emphasizing the importance of helping vulnerable groups through direct, transparent subsidies without harming the environment. He cited examples from Morocco, Mexico, and Indonesia where fossil fuel subsidies were replaced with direct compensation measures.

Paper 6. Water Subsidies, Desalination, and Sustainable Resource Management: Policy Evidence from Algeria (Myriam Ben Saad, Rym Ben Saad, Mourad Kertous, Abdelhadi Benghalem and Samir Baha-Eddine Maliki)



Abstract: This paper examines the complex relationship between energy subsidies, water desalination, and sustainability in the region, with a focus on Algeria. By analyzing recent water resource regulations, desalination plant construction choices, and domestic natural gas consumption trends, the research sheds light on Algeria's challenges in ensuring the long-term viability of water subsidies. Utilizing data from the World Bank, the International Atomic Energy Agency, and domestic energy usage, the study presents scenarios related to subsidy policies and water prices.

Comment : The text has solid argumentation and effective use of sources. However, be sure to be clearer in the methodology used (you explain it in the PPT, less in the paper) and explain any technical terms for readers who are unfamiliar with the subject. The suggested six pricing scenarios (that capitalize on Kertous 2022) are very interesting, but need to be expanded much more and clearly explained. Also, it would be useful to detail the policy recommendations, proposing concrete measures based on research and providing more detailed implementation strategies.

Q & A synthesis

- The Q&A session delved into several critical aspects of the research, providing insights into the environmental impact of water subsidies, the methodology behind the scenarios, ease of implementation, population engagement, and potential policy shifts towards renewable energies. Constantin Tsakas praised the collaborative effort of the team and highlighted the importance of considering the environmental impact as a disadvantage of water subsidies (in the provided Table), particularly in encouraging unrestrained water use. He suggested adding this aspect to the list of disadvantages in the paper. Additionally, Constantin sought clarification on the methodology behind the six scenarios presented in the paper, particularly questioning why these specific scenarios were chosen and which ones might be easier to implement. The authors responded by explaining that the first two scenarios are based on existing literature, while the others explore variations in water prices and quality. They emphasized the cultural and social dimensions, indicating that applying scenarios to the second block may be a more feasible option for policymakers.
- Samson Bellières expresses interest in collaborating and exchanging insights on desalination, offering valuable perspectives on technology, production, costs, and customer types. This collaboration could contribute to a more comprehensive understanding of desalination and its implications, adding depth to the research.
- Nazli Demirel raised a question about the relationship between average price increases and the cost of subsidies. The authors found the idea interesting and acknowledged its potential for further exploration, suggesting that it could be a valuable addition to the research.
- Aldo Ravazzi contributes to the discussion by stressing the importance of compensation measures and proposing the idea of introducing a third and fourth block for high-end users. He emphasized the need for politically viable alternatives to the cancellation of harmful subsidies and recommended leveraging existing OECD measures to protect vulnerable groups.
- During the discussion about direct subsidies, the authors mentioned that it might be challenging to implement them in the current context but highlights potential benefits for specific categories of the population, adding nuance to the policy considerations.
- A participant suggested using the term "coefficient estimation" instead of "simulation" for the scenarios, clarifying that the paper estimates impacts based on coefficient estimates. This suggestion aims to enhance the clarity of the paper's terminology and better convey the nature of the research.
- Aldo Ravazzi proposed developing the idea of additional tariff blocks for high-end users, considering different consumption patterns, and emphasizing the need for compensation measures. This suggestion aligns with the overarching theme of socially acceptable alternatives to harmful subsidies.
- The authors closed the discussion with a practical example from the survey, illustrating how households with multiple families on different floors could manipulate the billing system to

stay within the first tariff block. This real-world example provides context to the challenges and nuances associated with subsidy systems.

Paper 7. Tax incentives and Energy Transition from a Legal Point of View: Analysis of Best Practices Adapted to the Decarbonisation of the Mediterranean Region (Merve Ergun)



Abstract: This policy paper delves into the critical intersection of energy and taxation. Focused on the Mediterranean Region, the study explores the effective utilization of fiscal policies to expedite the energy transition process, with a particular emphasis on the decarbonization of the electricity supply industry (ESI). By considering both the international legal framework and EU legislation, the paper addresses the intricate balance required for implementing efficient and effective policies.

Comment : Interesting paper, the research methodology involves a comparative legal approach to identify best practices for supporting renewable energy, considering socio-economic and geographical nuances in the Mediterranean. The paper stresses the importance of considering incentive effects and proportionality in designing fiscal mechanisms. It also distinguishes between best and worst practices (which is always useful), emphasizing the need for simplicity in aid mechanisms.

Q & A synthesis

- Constantin Tsakas commended the paper for considering socioeconomic and geographical nuances in the Mediterranean and acknowledged the legal complexities surrounding state aid mechanisms. He raised a question about ensuring that EU state aid provisions influence incentives positively and inquired about legal barriers and challenges, especially in non-EU countries. He also suggested exploring how the Barcelona Convention is practically implemented, its enforcement mechanisms, and the degree of compliance, urging the author to provide insights for real-world impact. The author responded by emphasizing the variability in the application of state aid rules, even within the EU, and highlighted the importance of general recommendations based on international sustainability agendas. She discussed the significance of regional agreements like the Barcelona Convention and suggested that such agreements expedite procedures and provide solutions in case of accidents.
- Constantin Tsakas encouraged further exploration of the practical implementation of the Barcelona Convention within Mediterranean countries, focusing on pollution prevention, sustainable energy, and green economy initiatives. He emphasized the need for insights into enforcement mechanisms, compliance, and coordination among countries.
- Sevil Acar suggested including the coexistence of fossil fuel subsidies and renewable energy subsidies as a worst practice, citing the confusion it creates in the market. She also raised the question of how revenues from carbon taxes are utilized and proposes exploring ways to address negative impacts on vulnerable parties.
- Arnaud Terrisse provided a general comment, expressing a sense that fiscal incentives in the Mediterranean are largely EU-driven. He encouraged the exploration of mechanisms specifically applicable to the Mediterranean region and suggestions for enhancing existing mechanisms for greater efficiency.

- The author responded by emphasizing the historical context of transitions occurring when profitable, linking fiscal incentives to facilitating this process. She highlighted the importance of international cooperation, increased dialogue between countries, and the possibility of mutual energy dependence. Further clarifications will be provided in the final document.
- Guillaume Sainteny sought clarification on how the offshore protocol applies to offshore wind farms. The author acknowledged the mistake in presenting the wrong protocol and clarified that offshore wind farms are associated with provisions related to protecting the marine environment, not the offshore protocol.

Paper 8. Measuring Progress and Accountability in Phasing Out Environmental Harmful Subsidies: A Comprehensive Framework for the Mediterranean region (Roberta Milo and Jeremie Fosse)



Abstract: This paper fills a crucial void in the discourse on environmental harmful subsidy (EHS) reform by introducing the Euro-Mediterranean EHS Phase-Out and Reform Framework (EHS-MedFRAME). The EHS-MedFRAME not only evaluates the socioeconomic and environmental impacts of EHS reform but also incorporates accountability mechanisms. This strategic policy framework, tailored to the Euro-Mediterranean context, provides key indicators for monitoring progress and suggests accountability measures to ensure transparency in the reform process.

Comment : Well structured paper. Outcomes of this research provide a well-defined policy framework and a set of key indicators for monitoring and assessing the phase-out of EHS. This common framework is designed to streamline the subsidy reform process, which is very helpful to policymakers. But you can be even thorougher and the paper lacks a clear conclusion

summarizing the main points and implications of your research. Also, it would be useful to detail the policy recommendations, proposing concrete measures based on research and providing more detailed implementation strategies. Your writing would be more engaging and easier to understand if you included concrete examples to illustrate your points. For example, you could give specific examples of environmentally harmful subsidies or successful reform strategies.

Q & A synthesis

- Constantin Tsakas appreciated the paper's structure and raised a crucial point about subsidies designed to benefit the poor sometimes benefiting the rich. He encouraged further exploration of the complexities behind this phenomenon. The author responded by highlighting the need for a comprehensive framework with social indicators to monitor and understand the impact of subsidies on society. She cited the example of Indonesia's gradual phase-out of fossil fuel subsidies, which resulted in positive societal and economic impacts.
- Constantin Tsakas suggested more elaboration on how the integration of environmental considerations in broader budgeting processes occurs, especially regarding France's Green Budgeting Strategy. The discussion underscored the importance of understanding how different entities collaborate in the reform process, emphasizing multi-stakeholder

cooperation. The Italian case was also discussed, with Aldo Ravazzi providing insights into the creation of the Italian catalog on environmentally harmful and friendly subsidies. He mentioned the role of the IMF in quantifying externalities and ongoing efforts at the EU and OECD levels. The author mentioned the importance of compensatory measures to minimize the impact of subsidy phase-out on society. She noted that monitoring and understanding the process are crucial for effective compensatory measures.

- Constantin Tsakas suggested adding an indicator related to the international trade impact of subsidy reforms. This includes assessing how the reforms influence export-import patterns, trade balances, and competitiveness.
- Sevil Acar recommended indicators for sectoral diversification during fossil fuel subsidy phase-out and the reuse of revenues generated after the phase-out for environmentally related purposes.
- Constantin Tsakas and the author discussed the challenges and benefits of harmonizing policies across borders. The conversation touched upon potential frameworks and fora for facilitating cross-border cooperation, such as the UNEP/MAP system, to be further explored in the final version of the paper.
- Antoine Lafitte suggested developing the framework further, including a longer title, a detailed definition, target thresholds, and comprehensive data sources. He offered to discuss these aspects further in bilateral conversations. Samir Maliki also recommended adding the Human Development Index (HDI) as an economic indicator, considering the positive impact of subsidies on education and health. Nazli Demirel expressed excitement about the idea of creating indices for harmful subsidies across economic, environmental, and social dimensions to facilitate comparisons. Aldo Ravazzi shared information about upcoming conferences and events related to green budgeting and environmental taxation. The author highlighted all comments will be treated in the final draft.

General Conclusion

The synthesis of the eight papers reveals a comprehensive understanding of critical issues facing the Euro-Mediterranean region. While each paper addresses a specific aspect, the **interconnectedness** of these challenges becomes evident in crafting a holistic regional strategy.

- The urgent need for sustainable fisheries management in the Mediterranean, as highlighted in Paper 1, intersects with the climate-resilient transformation of the tourism sector in Kusadasi discussed in Paper 2. Overfishing and climate change impacts are intertwined concerns, emphasizing the necessity for an integrated approach to address environmental and societal effects. The shift in subsidies **from capacity-enhancing to conservation-focused**, as proposed in fisheries management, aligns with the call for a reorientation of tourism priorities towards positive impacts in Paper 2.
- Fossil fuel subsidies, examined in Papers 3 and 4, emerge as a common thread impacting both the energy sector and gender disparities. Eliminating these subsidies becomes a shared goal to enhance energy efficiency, promote renewables, and address the adverse effects on female employment rates. Moreover, Papers 3 and 5 underline the interconnectedness of fossil fuel subsidies with water stress, emphasizing **the need for sustainable energy policies** in Algeria.
- The focus on desalination in Paper 6 connects with the broader issue of water subsidies, emphasizing the importance of **transitioning from absolute to targeted subsidy models**. The study suggests that a shift in subsidy policies, along with the integration of renewable

energies, is crucial for preserving ecological integrity and social well-being in the face of water scarcity.

- Papers 7 and 8 both stress the significance of effective policies, fiscal instruments, and international cooperation in achieving sustainable and environmentally friendly energy practices. The recommendations from these papers support the broader vision of a green transition and a **unified approach to phasing out harmful subsidies**, aligning with the objectives outlined in other papers.

The general conclusion is clear: the Euro-Mediterranean region requires an **integrated, collaborative, and sustainable approach to address the interconnected challenges it faces**. This involves a shift from harmful subsidies to conservation-focused practices in fisheries, tourism, and energy. Transparent reporting, stakeholder engagement, and international cooperation are essential elements of this approach. Moreover, gender-inclusive and socially responsible policies, should be integral to regional development strategies.

There is also a need for:

- Adaptive Governance, given the dynamic nature of the challenges. Policymakers should be open to revisiting and adjusting strategies based on ongoing research, evolving technologies, and changing socio-economic conditions. All (positive) approaches, from all shores, should be respected.
- Aligning incentives across various sectors is also essential. Policies that promote environmentally responsible practices should be complemented by economic incentives, making sustainability not only a moral obligation but also a financially viable choice for businesses and individuals.
- Finally, establishing robust monitoring and evaluation mechanisms is crucial to track the progress and impact of implemented policies. Regular assessments can help identify areas of success, highlight challenges, and guide adjustments to optimize the effectiveness of ongoing initiatives.

In his closing words, Robin Degron emphasized several key messages :

- the need to address challenges presented by the Sustainable Development Goals (SDGs) comprehensively. He acknowledged the interconnected nature of environmental issues, poverty, and the acceptability of proposed measures.



- the urgency of adapting to climate change in the Mediterranean region. Robin Degron cited warnings from MedECC (Mediterranean Experts on Climate and Environmental Change) works and emphasized the need for adaptation, considering temperature scenarios specific to the Mediterranean.
- the diversity among states and administrative organizations in the region, pointing out variations between different forms of governance, such as devolution versus deconcentration.
- the need on transitioning from "Brown (Harmful) Expenditures" to "Green Expenditures" and from "Tax Expenditures" to "Ecological Tax" or "Market Tools." He highlighted the importance of green public budgeting and financing ecological transition and adaptation to climate change, something which could be part of a second (future) round of research. He added the need to explore the concept of Corporate Social Responsibility (CSR) in the region, suggesting the need for a new CSR model.
- finally, the importance of measurement, particularly in the context of the revision of the Mediterranean Strategy for Sustainable Development (MSSD). He noted ongoing work by Plan Bleu on the revision of Sustainable Development Indicators (SDIs) with a focus on the core SDI dashboard.